

4 SUSTAINABLE DEVELOPMENT

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4.1 An ambitious strategy and an integrated organization

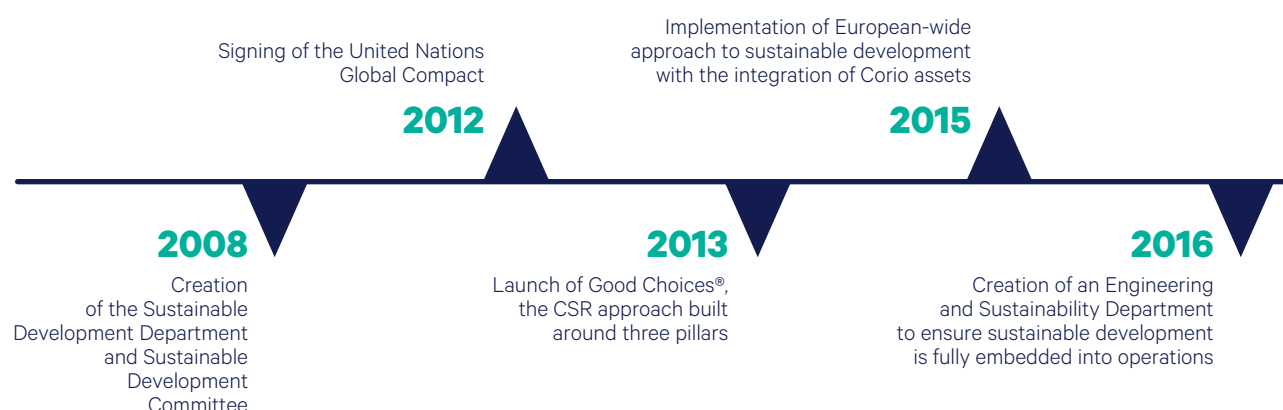
4.1.1 The Good Choices® approach

Klépierre strongly believes in the link between economic performance and social environmental excellence. Its CSR approach is long-standing. We have been publishing environmental, social and community information over the last fifteen years and this transparency is an essential component of our policy.

This policy was labeled Good Choices® in 2013. It is one of the four pillars of Klépierre's overall strategy alongside Let's Play®, Clubstore® and Retail First. It has evolved according to the geographical extension of our portfolio. Thus our CSR performance has been monitored within a short space of time, applied consistently across the 16 European

countries, and the information published provides identical data on all our operations and shopping centers. The current portfolio data provides insights into the effects of our strategy of selecting the most successful assets. The constant portfolio information is pro forma in nature and includes the performance of the assets resulting from the Corio acquisition since 2014, and since 2013 in the case of certain indicators.

The CSR information disclosed in this document was submitted to verification by the Deloitte auditors (please refer to section 4.5 for their report).



2016 was a critical year for the Group's sustainable development approach. The Executive Board created a new combined Engineering and Sustainability Department, thereby considerably strengthening our deep-rooted commitments and achievements in operations.

Our Good Choices® are based on three core ideas:

- aiming for sustainable and operational excellence in the day-to-day management of our assets;
- developing a culture of innovation and responsibility as industry leader;
- contributing to the development of the local communities in which we are based.

The significance of our environmental, societal and social actions is fully recognized outside the Group. Our scores have risen sharply over the past five years in the leading non-financial ratings in our industry (Carbon Disclosure Project, Global Real Estate Sustainability Benchmark or Dow Jones Sustainability Indices in particular).

These results reaffirm our leadership and encourage us to make our approach even more effective.

Growing European presence

The Group's European presence has considerably expanded since 2014 with the acquisition of Corio (three new countries) followed by Plenilunio (Spain) and of Oslo City (Norway) in 2015.

Klépierre now operates in 16 countries and the value of its property portfolio reaches 23 billion euros as of December 31, 2016 (transfer duties excluded). Klépierre thus provides leading retailers with a unique platform of 156 shopping centers that together attract 1.1 billion visitors each year.

Geographical area	Number of shopping centers
France-Belgium	45
Italy	36
Scandinavia	19
The Netherlands	5
Iberia	20
Germany	5
Central Europe and Turkey	26
TOTAL	156

This pan-European presence gives us exposure to different cultures and varied approaches and thus represents a considerable advantage.

It also confirms the strength of our approach as the tools and processes we deploy are tested and proven in different contexts.

On the environmental, societal and social front there are many benefits. European legislation and the various national transpositions provide us with a strong and ambitious regulatory framework while at the same time providing space for the emergence of best practices. These initiatives make it possible to take all countries up a notch.

The Group's sustainable development approach reflects this: a solid base and identical definitions across our entire property portfolio, ambitious goals broken down into specific action items and tailored to each country and to each shopping center.

4.1.2 Major issues at the core of our relationships with our stakeholders

We need to be as relevant as possible in our actions so as to optimize value creation. This goal leads us to identify the environmental, societal and social issues and to focus on the most material ones. It also allows us to be fully in line with the recommendations of the Grenelle 2 environmental law and the G4 guidelines of the Global Reporting Initiative (GRI) and those of the European Public Real Estate Association (EPRA).

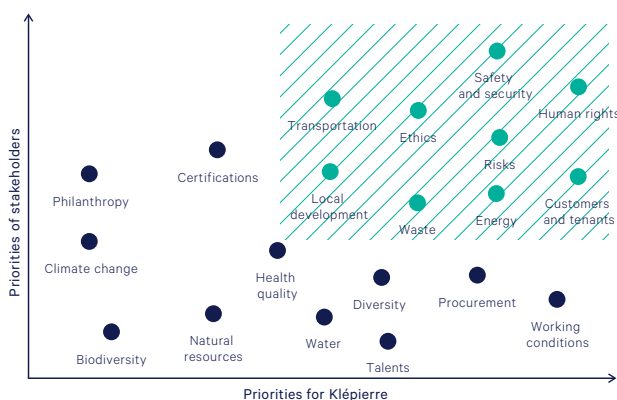
Strong commitments

The Group updated its materiality analysis in 2013. This made possible the identification of the 20 environmental, societal and social issues that significantly impacts its performance.

It was in particular possible to assess the relevance of each by means of an internal analysis and by also incorporating various inputs from our stakeholders. The materiality analysis was approved by the Executive Committee and by the Supervisory Board. Since then, we have regularly tested it with our various internal and external stakeholders.

Nine top priority issues

Some issues are more critical in terms of the day-to-day management of a shopping center and our goal of achieving operational excellence. These issues that we have identified as priorities are nine; they appear in green in the "matrix of materiality" below:



To achieve our commitments on these nine top priority issues, we therefore endeavor to combine being irreproachable, effective and innovative:

- **irreproachable:** by adopting an exemplary attitude toward all stakeholders and ensuring optimal safety and satisfaction for our retailers and visitors;
- **efficient:** by setting ambitious, quantifiable and specific goals, for optimal operational management of our centers;
- **innovative:** by taking full advantage of the skills and innovative capabilities of the teams, and by taking opportunities for collaborative innovation whenever they present themselves.

The implementation of these commitments relies on the will of full transparency, constantly engaging staff, a solid organization and effective tools.

The Group's materiality matrix is currently being updated. For the first time ever, this process will be undertaken jointly with a range of stakeholders (internal and external). The results of this consultation will be released in 2017.

Constructive dialogue with our stakeholders

Klépierre is convinced that the value created through its assets will generate a positive impact for all its stakeholders and that it will play a part in the sustainable development of regions across Europe. The shopping centers designed, owned and managed by the Group serve as veritable catalysts for their urban environments. They help change and stimulate these areas. They are economic engines, places for sharing time, sources of jobs and financial flows. This positive impact is inextricably linked to meeting the expectations of all Group stakeholders.

The success of a shopping center is based on two key players: retailers, Klépierre's direct clients, and the visitors to our shopping centers; our retailers' customers are the driving force behind the performance of our assets.

It also involves significant dialogue with a range of local players:

- public authorities: they are present early in the development of a shopping center, and afterward throughout its operation, to create conditions conducive to business activities that are in the collective interest;
- voluntary associations: to create a stronger bond between the center and its local area;
- the economic partners heavily involved in our assets on a daily basis: these include project managers, consultants or other partners during the development and construction phase, or service providers providing us with site cleaning, maintenance and security services day-in day-out.

Commercial real estate is a highly capital-intensive sector in which the economic drivers are important, especially when it comes to internal or external growth. The inputs from our shareholders and financial partners and taking into account their expectations are critical to the Group's development.

Collaboration between players in the shopping center sector makes it possible to promote shared common practices and to highlight the profile of and enhance our industry.

The men and women in the Klépierre Group are our most valuable resource for delivering on our commitments on a daily basis. Driven by the HR management processes, our teams also enjoy, through Klépierre University, dedicated training programs to allow them to continually adapt to the changing environment and to anticipate new industry requirements.



4.1.3 Structuring and appropriate governance

Our sustainable development commitments are firmly rooted in our organization. They are implemented across all countries and supported by the roll-out of dedicated tools. They are also applied in the various initiatives in which the Group participates.

Our organization

Our sustainable development governance is sound. It is managed by dedicated committees within the Supervisory Board and at executive level. The Engineering and Sustainability Department and the Human Resources Department, coordinated by the Group's Chief of Communication, then rely on country management to ensure that our environmental, societal and social actions are fully operational.

Implementing strategic direction/Monitoring progress

- Within the Supervisory Board, the Sustainable Development Committee reviews the CSR process, discusses its developments and is informed of the Group's results in these areas; it reports to the Supervisory Board. It is composed of three members of the Board, as well as members of the Management Board, the Communication Director and the Director of Engineering and Sustainable Development. It is chaired by Steven Fivel, General Counsel and Corporate Secretary of Simon Property Group. It met three times in 2016.

(1) Based on 2016 planned operational budgets for 13 countries. Excludes marketing budgets, taxes, management fees.»

- Within the Management Committee of Klépierre, the CSR Committee suggests to the Executive Board the elements of the Group's CSR strategy, in particular the list of commitments and action plans; and reports to the Board on the results achieved. The CSR Committee brings together members of the Management Board, the Engineering and Sustainable Development, Human Resources and Communication departments, as well as representatives of the other relevant Directorates (commercial centers, development, etc.). Three to four sessions are scheduled each year.

Create momentum/Define Group goals, tools and processes

- The Engineering and Sustainability Department, established in 2016, brings together employees responsible for technical engineering in the centers, operational investments and sustainable development. The sustainable development team has three dedicated members.

Encompassing all the technical challenges facing the shopping centers and reporting to the Chief Operating Officer, it initiates and develops the Group's environmental and societal policy. It also ensures it is implemented and circulated throughout Europe.

- The Human Resources Department is central to the company's strategy contributing to its talent, skills and performance challenges in line with the Group's values and social commitments.
- The Group's Chief of Communication coordinates the CSR process, with the Engineering and Sustainability department; as well as the Human Resources department, which then relies on countries management so that the implementation of our environmental, societal and social actions is fully operational.

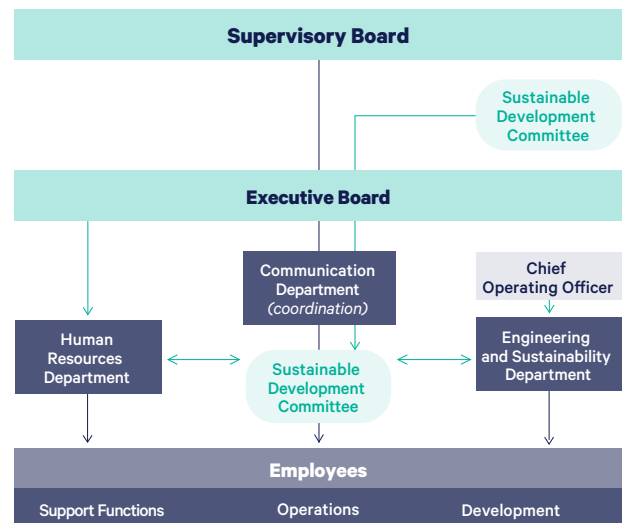
Breakdown goals/Implement actions

- In the 16 countries, management and the operational departments break down Group goals and implement the policies that are appropriate to their local environments. Each country then defines its annual action plan for all the technical and sustainable development challenges, taking into account to its current performance levels and goals. These action plans are then discussed at a Special Annual Meeting that brings together the whole European network, and are then presented to the Group's Chief Operating Officer.
- A network of some 30 correspondents covering all the local areas in which we operate is in charge of carrying out local actions and reporting on best practices. They work in close contact with the teams at head office.

Accordingly, since 2016, the Engineering and Sustainability Department organizes each month:

- a meeting with each country;
- a group meeting with the representatives of the 16 countries.

These new regular meetings have made it possible to accelerate action taking, increase information-sharing and build stronger cross-functional teams. In addition to these monthly meetings, all representatives meet in person twice a year for two days of discussions, strategy setting and inter-country collaborative work.



Finally, the Group's Good Choices® approach is systematically addressed in our communications to all employees. The Group's General Management thus shares its vision, its ambition and its requirements in these areas in a clear and decisive manner.

Training and awareness-raising efforts on sustainable development topics, especially environmental ones, were focused in 2016 on consolidating the integration of the Corio teams, on raising employee awareness regarding sustainable development challenges facing Klépierre, and the tools and approaches in place within the Group to improve the operational performance of the shopping centers in the Klépierre portfolio.

A training module dedicated to operational teams (shopping centers managers, technical managers and transversal functions) was developed in 2016. The goal is to remind trainees about the Group's environmental and societal challenges that are directly linked to the daily operation of a shopping center and to stakeholder engagement. The plan is to roll it out in 2017, via Klépierre University.

The industry initiatives and charters we support

The Group's environmental, societal and social commitments are expressed via various associations and initiatives.

Klépierre is an active member of the following national and international trade associations. The Group considers them strategic for its business, and in each one holds a position on the governance body and/or sits on their key committees, including among other things those dealing with sustainable development issues.

International Council of Shopping Centers (ICSC)

The Council has more than 60,000 members in over 90 countries, fostering the promotion and the development of shopping centers.

European Public Real Estate Association (EPRA)

This trade association has more than 200 of Europe's public real estate companies as members. It publishes recommendations intended to ensure that the financial and non-financial disclosures of publicly traded real estate companies are more detailed and more standardized.

French Council of Shopping Centers (CNCC)

French trade organization uniting all players involved in the promotion and development of shopping centers. Klépierre took an active part in the preparation and publication of the first guide on sustainable development reporting best practices for the shopping center industry published in 2013.

French Real Estate Association (FSIF)

The mission of the FSIF is to examine, promote and represent the shared business interests of French real estate companies.

Moreover, Klépierre endorses other significant environmental, societal and social Charters and initiatives. These commitments reflect the priorities the Group has set for itself in terms of corporate responsibility.

Global Real Estate Sustainability Benchmark (GRESB)

GRESB's primary purpose is to assess the environmental and social performance of companies specializing in the real estate sector. Klépierre has participated in this benchmark since its beginning and is also a member.

The Global Compact

A signatory to the United Nations Global Compact since 2012, each year Klépierre reiterates, through the Chairman of the Executive Board, its full backing for this voluntary international CSR initiative, and its commitment to the improvement process on the 10 universal principles promoted by the Global Compact (in terms of human rights, labor standards, the environment and the fight against corruption).

French Charter for energy efficiency of tertiary buildings

Initiated at the end of 2013, it provides players in the real estate sector with a framework for implementing energy efficiency in their property portfolios and for anticipating future regulatory obligations related to tertiary buildings' energy performance. The Group has been a signatory of this Charter since November 2013.

Diversity Charter

A corporate Initiative launched in late 2004, this Charter expresses the desire of companies to take steps to better reflect, in their workforces, the diversity of the French people and to also express their commitment to non-discrimination, equal opportunity and improvement of their performance. The Group signed it on July 31, 2010.

French Charter for Parenthood

Initiated by the French Monitoring Agency for Parenthood in the Workplace (OPE), this Charter promotes better work-life balance and has three objectives: move forward parenthood representations, create a favorable environment for working parents and respect the principle of non-discrimination in career development for such employees. The Group has been a signatory since April 29, 2009.

The Palladio Foundation

The Palladio Foundation, under the aegis of Fondation de France, is an original initiative by companies in the real estate industry which was created in 2008 around the urban construction of the city of the future and its living areas.

Its purpose is to gather together all current construction players (elected representatives, real estate professionals, professionals from other sectors involved in addressing urban problems, researchers, members of federations or associations and the media) and engage with them. It supports and guides the builders of tomorrow, whether they be students, researchers or young professionals. Klépierre is a founding member of the Foundation and is represented on the Board of Directors by the Chairman of its Executive Board.

A more detailed description of the foundation's work in 2016 can be found in section 4.3.5 (Acting for the community).

Association pour le développement du Bâtiment Bas Carbone (BBCA)

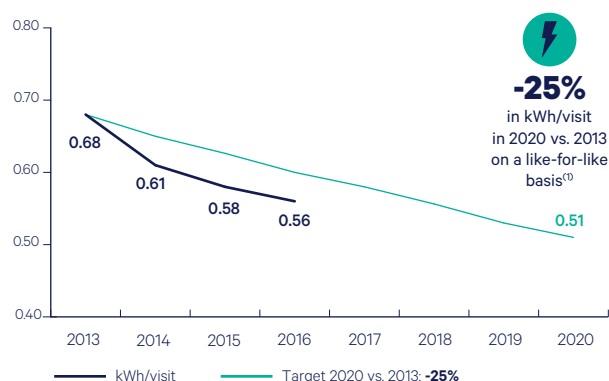
The goal of the Association pour le développement du Bâtiment Bas Carbone (BBCA) is to raise awareness of the urgency of reducing the carbon footprint of buildings and of promoting approaches that help develop low carbon buildings. It is in particular working on BBCE certification, which went live in 2016.

For all of the associations, charters or initiatives it endorses, Klépierre does not provide any funding beyond regular membership dues.

4.1.4 Focus on our 2016 main achievements

Change in the main environmental, societal and social KPIs

IMPROVE ENERGY EFFICIENCY

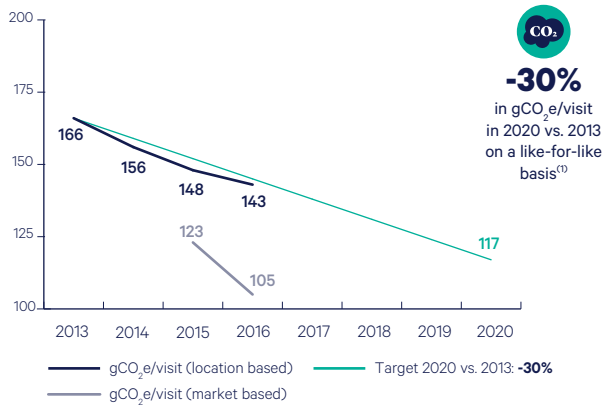


2020 goal: -25% in kWh/visit

The energy-related steps taken across the property portfolio have helped us achieve an ongoing reduction in our consumption despite varying climate factors from one year to the next. Energy efficiency in kWh/visit on a like-for-like basis has improved 17% since 2013, and we are therefore very hopeful of achieving our goal of -25% in 2020 vs. 2013.

(1) Pro forma like-for-like basis = includes the performance of the new assets.

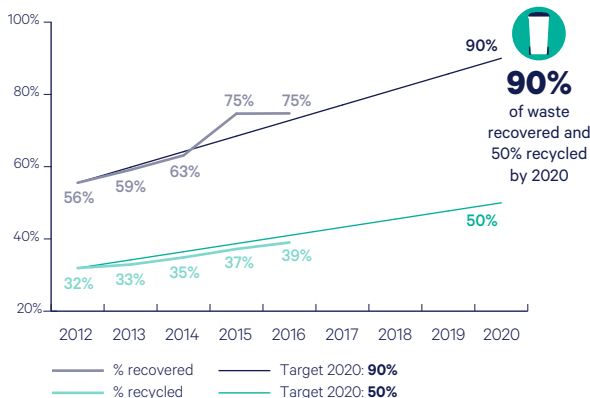
REDUCE OUR GREENHOUSE GAS EMISSIONS



2020 goal: -30% in gCO₂e/visit

The Group's greenhouse gas emissions in gCO₂e/visit have also declined, -14% since 2013 on a like-for-like basis. Our aim is to push forward with our energy efficiency efforts and to speed up the transition to cleaner energy in order to achieve our goal of -30% in 2020 vs. 2013.

INCREASE WASTE RECYCLING AND RECOVERY

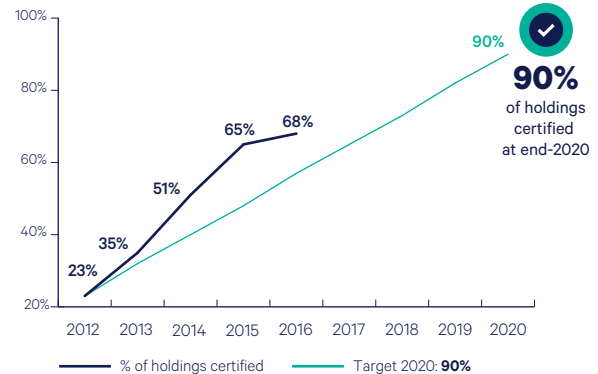


2020 goal: 50% recycled and 90% recovered

The percentage of waste recycled and recovered has risen since 2012. We will continue our actions to further limit the disposal of waste generated by the activities of the shopping centers and to increase our recycling efforts.

The goal to achieve a recycling rate of over 50% has been postponed to 2020. The initial goal of a 75% recovery rate, achieved in 2015, was raised to 90% by 2020.

EXPAND THE PERCENTAGE OF CERTIFIED PROPERTIES IN THE PORTFOLIO

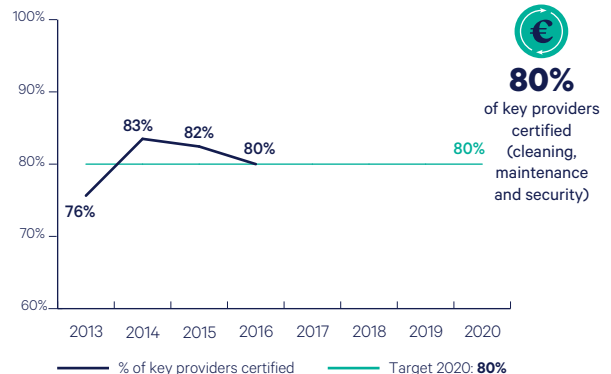


2020 goal: 90% of property portfolio certified

The initial goal of 50% of the property portfolio certified in value at end-2015 has been substantially exceeded, and has thus been revised upward to 90% by 2020.

83 centers in 13 European countries have obtained environmental certification under the BREEAM, BREEAM In USE, ISO 14001 or ISO 50001 frameworks. We now want to consolidate this progress while at the same time favorably renewing the level of existing certifications.

PROMOTE RESPONSIBLE PARTNERS

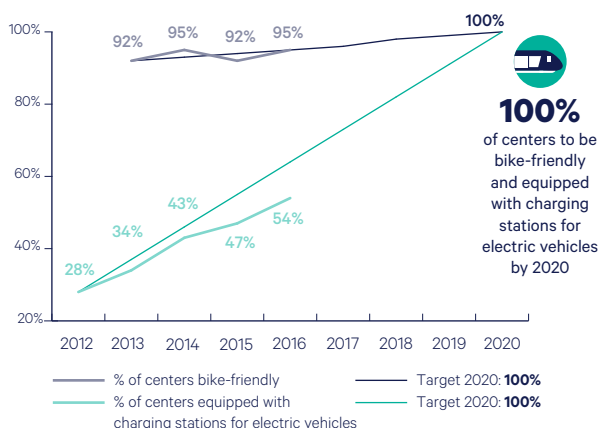


2020 goal: >80% of key⁽¹⁾ partners certified

The 80% target was achieved two years ago. The goal is to keep the proportion of our service providers that are certified at over 80% (despite changes in the make-up of our portfolio) as this ensures the implementation of sustainable practices by the service providers working in our centers on a daily basis.

(1) The three main service providers in the shopping centers: cleaning, safety and security, and maintenance.

IMPROVE THE ACCESSIBILITY AND CONNECTIVITY OF OUR CENTERS



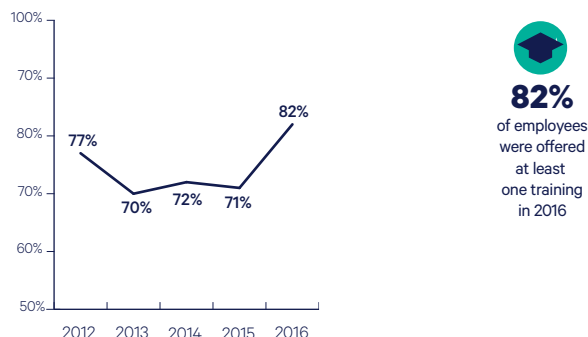
2020 goal: 100% of centers equipped with facilities for cyclists and for recharging electric vehicles

The initial goals of 100% for 2017 were postponed in order to be more realistic while at the same time remaining ambitious.

These two goals reflect our desire to increase the green transport options to improve access to our shopping centers. Thus, the world's largest indoor bike park, comprising 12,500 spaces, is under construction as part of the renovation of the Hoog Catharijne center in Utrecht in the Netherlands.

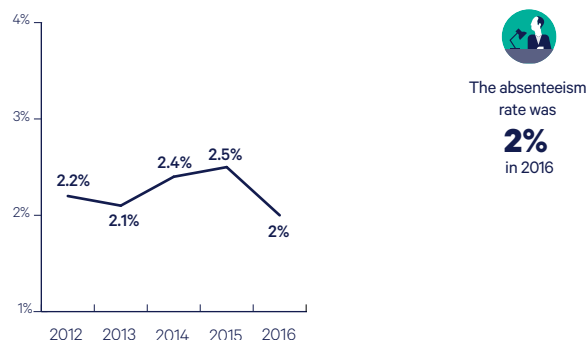
With regard to electric vehicles, the Group is looking at the experiences of the countries where this market has grown quickly. However, supply and demand for electric vehicles and bike facilities vary substantially from one country to the next.

SHARP RISE IN THE RATE OF ACCESS TO TRAINING



The rate of access to training was 82% in 2016, versus 71% in 2015. This level reflects the investment undertaken by the Group over the past number of years to develop the skills of all its employees, enhance their employability and individual and collective performance. Klépierre University remains central to the sharing of expertise, good practices and spreading the Group's management culture to enhance operational performance.

ABSENTEEISM UNDER CONTROL



The absenteeism rate was 2% in 2016, the lowest since 2012. This is the result of a more favorable social environment and of the Group's initiatives in matters of health and well-being at work. Over and above what is required by law, preventive measures have been put forward locally to improve employee health.

A winning approach

Transparency is a key component of the Group's sustainable development approach.

To this end, Klépierre fosters ongoing relationships with the non-financial rating agencies, as well as with SRI (Socially Responsible Investment) analysts and investors, who assess our sustainable development performance.

The indexes to which the Group belongs, the recognition received and the steady improvement in ratings over the past number of years are all proof that the strategy in place and the measures taken have been effective.

ONE OF THE WORLD REAL ESTATE SUSTAINABILITY LEADER



Outstanding non-financial ratings for 2016

They reflect Klépierre's ongoing efforts in terms of corporate social responsibility.

Klépierre was ranked second amongst listed companies for the retail sector worldwide and 10th in all sectors by the Global Real Estate Sustainability Benchmark (GRESB). The Group has once again been awarded a "Green Star" with a score of 93/100. Klépierre was in the 97th percentile in the World Dow Jones Sustainability Index (DJSI) following the review by RobecoSAM, which found the Company to be the most efficient in the world out of 177 real-estate companies, based on its environmental initiatives.

Furthermore, Klépierre was added to the "A-list" by the Carbon Disclosure Project (CDP), which recognizes the leading companies in terms of climate performance and environmental management best practices.

Overall, Klépierre is considered by GRESB and RobecoSAM as the leading company in its category for its environmental strategy, performance monitoring and results reporting.

The quality of this reporting was also recognized by the European Public Real Estate Association (EPRA), which gave Klépierre a "Gold Award" for environmental and societal performance for the fifth consecutive year, an achievement that only five companies have attained.

Klépierre continues to be a member of the following SRI (Socially Responsible Investing) indexes: FTSE4Good, DJSI Europe & World index, STOXX Global ESG Leaders, Euronext Vigeo France 20, Europe 120 & World 120, Ethibel Sustainability Index Excellence Europe & Global.

Successes in 2016

A new organization serving sustainable operational excellence

- Strategic integration of sustainable development in Operations enabling the approach to break new ground in terms of maturity. Fully integrated into the business, there is thus greater focus and progress on environmental and societal issues, enabling us to achieve our target performance levels.
- The establishment of a genuine network of European representatives: the exchanges and visits have increased significantly in pursuit of an even more ambitious, concerted approach.
- This integrated European-wide operational approach now enables the Group to roll out differentiated performance analysis and to develop cross-functional tools (operational best practices manual, for example).

Encouraging recognized results

- Energy consumption down 16% (in MWh) since 2013, representing savings of 18 million euros (on a like-for-like basis).
- Carbon emissions down 14% per visit since 2013.
- Close to 60% of electricity usage from renewable sources.
- Best non-financial ratings ever obtained by the Group.

Spreading the Group culture widely:

- In 2016, the training offer has grown more international than ever, mainly thanks to Klépierre University. 82% of employees at Group level had access to trainings, focused on our jobs or practices, including 72% of employees outside of France.
- 78% of employees at Group level attended feedback meetings regarding the results of the “You&Klépierre” engagement survey. These sharing sessions with the Management team allowed for local and global action plans definition.

4.1.5 Our ambitious 2020 action plan

Commitment	Indicator	2020 goal	2016
Increase the percentage of certified centers within the portfolio	% of assets certified BREEAM In Use/ISO 14001	90% <i>of Group coverage in value</i>	67.9%
Certify all our developments and/or extensions	% of developments and extensions (> 10,000 sq.m) having obtained the BREEAM certification with “very good” level minimum	100% <i>of extensions and developments > 10,000 sq.m</i>	No deliveries in 2016
Improve energy efficiency of our centers	Energy consumption in kWh/visit	-25% <i>(based on 2013 value)</i>	-17%
Encourage the use of renewable sources of energy	% of electricity consumption (in KWh) coming from renewable sources	75%	58%
Reduce our carbon footprint	Carbon intensity = gCO ₂ equivalent/visit ⁽¹⁾	-30% <i>(based on 2013 value)</i>	-14%
Improve our water efficiency	Water intensity = L/visit	-20% <i>(based on 2013 value)</i>	-7%
Increase our contribution to the circular economy	% of waste recycled	50%	39%
Increase our efficiency in waste management	% of waste recovered (diverted from landfill)	90%	75%
Promote sustainable procurement for wood supply	% of FSC and PEFC certified wood in developments and extensions (> 10,000 sq.m)	100% <i>of developments and extensions > 10,000 sq.m</i>	No deliveries in 2016
Promote biodiversity awareness at our centers	% of centers having conducted at least one action to promote biodiversity	100% <i>of Group coverage</i>	67%
Incorporate a biodiversity action plan into all our developments	% of developments and extensions (> 10,000 sq.m) having drawn up a biodiversity action plan following an impact study	100% <i>of developments and extensions > 10,000 sq.m</i>	No deliveries in 2016

(1) Scope 1 and 2 emissions (CDP definition).

Commitment	Indicator	2020 goal	2016
Protect environment and neighborhood comfort during construction phase	% of developments and extensions (> 10,000 sq.m) under a "green site" charter during construction phase	100% of developments and extensions > 10,000 sq.m	No deliveries in 2016
Ensure the safety of our stakeholders	% of Group assets having undertaken audits every 10 years	100% of Group coverage	92%
Measure and improve the satisfaction of visitors in our centers	% of Group assets in value having conducted customer satisfaction surveys every 24 months.	80% of Group coverage in value	64%
Generalize access to public transportation	% of Group assets with access to public transportation	100% of Group coverage	98%
Generalize access to public transportation for developments	% of developments and extensions (> 10,000 sq.m) with direct access to public transportation	100% of developments and extensions > 10,000 sq.m	No deliveries in 2016
Develop environmental-friendly modes of transport	% of centers with bike-friendly facilities	100%	95%
	% of centers with charging stations for electric vehicles	100%	54%
Collaborate with our supply chain to achieve common CSR goals	% of key service providers ⁽²⁾ certified (ISO 14001, 9001, OHSAS 18001 or equivalent)	> 80% of key service providers ⁽¹⁾	80%
Contribute to local employment and economic dynamism	% of centers having undertaken job/training forums	50% of Group coverage	63%
	% of centers which have developed local development partnerships	75% of Group coverage	28%
Engage a constructive dialogue with our local stakeholders	% of centers in steady contact with local policymakers	100% of Group coverage in value	97%
Increase the Group contribution to the community	% of centers which have organized at least one annual charity event	100%	92%
	Time and surface dedicated to charity actions in centers	1 day rent equivalent	0.55
Increase the proportion of women in the management	% of women at manager positions	40%	36%
Organize a health, safety and well-being policy at work at Group level	% of employees benefiting from measures	100 %	No deliveries in 2016
Promote training	% of Group employees benefiting from a training action	100%	82%
Ensure annual appraisal	% of employees assessed	100%	90%
Invite all employees to respond to the commitment survey, every two years	% of employees invited	100%	No deliveries in 2016
Harmonize the Group's integration process	% of news joiners benefiting from one of the Group integration media	100%	No deliveries in 2016

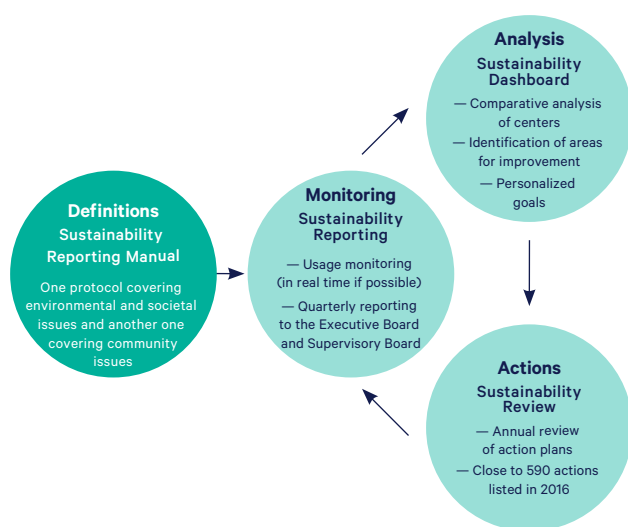
(2) Service providers responsible for safety, cleaning and general maintenance.

4.2 Operational and sustainable excellence at the heart of our strategy

4.2.1 Management System and tools serving our sustainable performance

The Group uses tools and processes to handle environmental and societal issues, in order to make the sustainable development approach fully operational.

These tools are identical across Europe and are organized into four groups for greater clarity internally: definitions, monitoring, analysis and actions.



Definitions: Sustainability Reporting Manual

The set of indicators identified in environmental, societal and social matters and the data of which they are made up are clearly defined and communicated to the teams. These definitions are identical across all 16 countries in which the Group operates and the 156 shopping centers.

These definitions are grouped into two reporting protocols:

- one on the social aspects, sent to the Human Resources managers in each country, which includes both quantitative and qualitative data;
- the other on environmental and societal aspects communicated to each country and to each Group asset, which contains close to 120 data collected for each shopping center in the portfolio.

These documents are updated every year to adapt to the developments in our business activities.

Monitoring: Sustainability Reporting

Monitoring at Group level has intensified in recent years. Internal reporting in each country of environmental, societal and social performance increases year-on-year, more heavily involving the management and operational teams.

On the environmental and societal aspects:

- within the shopping center: monitoring has become ever more frequent. The teams working at each asset (center managers and technical managers) monitor utilities consumption (energy and water) and waste production at least once a month. 58% of centers are also equipped with energy measurement systems that enable real-time control. There has been increasing use of such tools over recent years;
- at Group level: an environmental and societal report on each asset is presented to the Executive Board and to the Supervisory Board's Sustainable Development Committee at least once a year and quarterly for the Group's 70 largest assets, which represent 84% of the value of the property portfolio.

In addition, an environmental monitoring tool for the centers is currently being studied and will be implemented in 2017. Its purpose is to automate the reporting from each of the centers and to analyze the actual performance of the assets.

On the social aspects:

The social data are managed in an information system shared with all Group HR players, thereby enabling standardized and structured management of the data, based on a single repository.

This information along with the qualitative data are compiled every quarter by the Group Human Resources Department in order to monitor social indicators, providing oversight of the performance and well-being of employees as well as monitoring Klépierre's HR policy. The strategic indicators regarding the social aspects of the sustainable development approach are presented annually to the Executive Board and to the Sustainable Development Committee of Klépierre's Supervisory Board.

Analysis: Sustainability Dashboard

The information collected is analyzed at different levels.

The shopping center, country and Group performance dashboards provide a clear view of the environmental and societal impact, make it possible to identify areas for improvement, identify best practices and thereby improve operational oversight. The performance dashboards are presented and discussed annually with all the country-specific departments.

In 2016, significant work was carried out on the performance dashboards for each shopping center. The new dashboards consolidate all the technical and sustainable development management indicators of the center on a monthly basis.

In addition, these dashboards now include an energy performance analysis for each center:

- in comparison to the center itself, against the previous month;
- in comparison to other centers that are part of its group (grouping of comparable shopping centers).

These two performance analysis are based on statistical models that allow external impacts (weather and business) to be deducted in order to assess the real performance of each center and therefore be able to set realistic and individual goals for each center.

These dashboards will be automated and digitalized within the environmental tool being developed.

Actions: Sustainability Review

The management system and the monitoring tools are designed to provide a shared platform but tailored to each shopping center. Detailed performance analysis makes it possible to identify areas for improvement.

The teams in each country thus have the tools with which to draw up specific and ambitious action plans.

Each year, these action plans are presented by country management to the Chief Operating Officer as part of the Sustainability Review. This provides an opportunity to analyze completed actions and to approve the guidelines for the following years as put forward by the local teams, the specific actions for each shopping center and any investment needs. Close to 590 different actions were thus presented at Group level in 2016.

In 2016, the share of maintenance works (Capex) dedicated to sustainable development investments was analyzed for the first time: 61% of the provisional budget for 2017 involved this type of investment.

This step is critical to ensuring that sustainable development remains on the teams' agenda year after year.

4.2.2 Asset certification

The environmental certifications favored by Klépierre are references in the real estate sector. They attest to the effectiveness of the measures taken, both during the building development phase and operational phase.

Making the most of the complementarity of BREEAM and ISO 14001

The Group currently favors three standards: BREEAM New Construction, BREEAM In Use and ISO 14001 during operation.

These certifications give us a real complementary approach. Each standard has its own special features, making it possible to respond more closely to the needs expressed at Group level.

- The ISO 14001 standard allows us to really structure the environmental approach implemented at each asset. It drives the teams to become part of a continual improvement process, to monitor the progress made, and to implement action plans to achieve the stated goals.
- The BREEAM New Construction or In Use frameworks have the advantage of exhaustively mapping the environmental performances of a building (under development or in use).

83 centers in 13 countries, i.e., 68% of the property portfolio (in value) certified

68% of our property portfolio (in value) is certified. This proportion has risen sharply since 2012 (by almost 45 points). 83 shopping centers were certified at end-2016, in 13 Group countries (versus 77 in 13 countries last year). 53 centers are thus ISO 14001 certified, reflecting the strength of the environmental management system rolled out across the Group. 31 centers are also certified under BREEAM In Use, with ratings ranging from at least Very Good, up to Outstanding.

The La Gavia center, close to Madrid, also has ISO 50001 certification which provides a more precise assessment of energy management.

Very few real estate players can point to this sort of implementation on as wide a scale. We now want to consolidate this level while at the same time favorably renewing existing certifications.

Proportion of centers certified

2016 current basis (100% coverage): 156 shopping centers and 4,164,307 sq.m

	Group	Group coverage rate
2014	50.9%	100%
2015	64.6%	100%
2016	67.9%	100%

Towards excellence

In 2016, the percentage of properties rated excellent in the French portfolio certified BREEAM In Use rose from 3% to 31%.

This sharp increase demonstrates the resolve to achieve the lasting operational excellence furthered by the Group and the constant growth of our assets.

Proportion of centers certified by type of certification (% in value)⁽¹⁾

2016 current basis (100% coverage): 156 shopping centers and 4,164,307 sq.m
EPRA: Cert-Tot

	Group			Group coverage rate
	Number of centers	Rentable floor area certified	% in value	
ISO 14001	53	1,670,738	36.7%	100%
ISO 50001	1	51,076	2.0%	
BREEAM in Use	31	1,152,472	31.7%	
At least one operational certification	78	2,591,400	64.1%	
BREEAM New Construction	11	466,495	10.2%	
AT LEAST ONE CERTIFICATION	83	2,769,820	67.9%	

(1) This includes all centers certified during the year or whose certification was still valid in the reporting year (including those with certification undergoing administrative formalities).

4.2.3 Energy performance

Energy efficiency is a strategic priority for the Group. It is a key indicator of the strength of our operational management and plays a major part in controlling our costs both for the Group and for the retailers operating in our centers. The improvement is thus being driven by two factors: environmental and financial. By optimizing our consumption, both in terms of volume and sources of energy, we are able to limit our exposure to energy price volatility.

The Group consumed approximately 450 GWh in 2016 on a current basis, a reduction of 7.3% compared to 2015. The Group's energy bill was around 46.9 million euros. Close to two thirds of this energy is used in three regions: France-Belgium, Italy and Scandinavia.

Energy consumption in MWh and energy efficiency in kWh/sq.m and kWh/visit

2016 current basis (97% coverage): 125 shopping centers and 3,725,415 sq.m

EPRA: Elec-Abs – DH&C-Abs – Fuels-Abs – Energy-Int

		France-Belgium	Italy	Scandinavia	Iberia	Central Europe & Turkey	The Netherlands	Germany	Group	Group coverage rate
MWh	2014	77,692	42,351	92,655	26,265	76,157	N/A	N/A	315,120	94%
	2015	109,675	103,902	87,514	53,832	84,625	16,815	27,144	483,508	98%
	2016	95,526	101,516	88,716	46,261	77,587	15,574	25,358	450,538	97%
kWh/sq.m/year	2014	117	166	108	129	129	N/A	N/A	122	94%
	2015	121	147	105	150	122	107	99	123	98%
	2016	109	144	108	147	115	101	92	118	97%
kWh/visit	2014	0.40	0.74	1.05	0.53	0.70	N/A	N/A	0.63	92%
	2015	0.42	0.66	0.99	0.51	0.65	0.40	0.77	0.59	96%
	2016	0.38	0.68	0.96	0.46	0.62	0.37	0.73	0.57	97%

Usage down 16% since 2013 on a like-for-like basis

Energy use on a pro forma like-for-like basis⁽¹⁾ fell sharply, from 443 to 371 GWh between 2013 and 2016. This drop is found in all the Group's regions, thereby illustrating the significant efforts of the last four years to improve the energy efficiency of our assets. Our goal is to improve

our kWh/visit ratio by 25% by 2020 vs. 2013. The 16% reduction over the past three years, which represents a cumulated total of 72 GWh over that period, reaffirms our approach and encourages us to continue our efforts.

Energy consumption in MWh and energy efficiency in kWh/sq.m and kWh/visit

2016/2013 like-for-like basis (73% coverage): 108 shopping centers and 3,138,666 sq.m

EPRA: Elec-LfL – DH&C-LfL – Fuels-LfL – Energy-Int

		France-Belgium	Italy	Scandinavia	Iberia	Central Europe & Turkey	The Netherlands	Germany	Group	Group coverage rate
MWh	2013	103,653	95,625	77,883	39,384	88,601	12,040	25,685	442,872	76%
	2014	89,932	87,792	69,791	36,291	78,298	10,437	24,542	397,083	
	2015	87,674	86,657	64,769	35,785	77,919	9,016	24,444	386,262	
	2016	77,850	85,129	66,459	35,157	74,366	9,106	22,677	370,743	
	2016/15	-11%	-2%	3%	-2%	-5%	1%	-7%	-4%	
	2016/13	-25%	-11%	-15%	-11%	-16%	-24%	-12%	-16%	
kWh/sq.m	2013	137	159	124	152	137	125	101	136	76%
	2014	119	147	111	140	121	108	96	122	
	2015	116	146	102	138	121	94	96	119	
	2016	106	143	104	136	115	95	89	115	
	2016/15	-9%	-2%	2%	-1%	-4%	1%	-7%	-3%	
	2016/13	-22%	-10%	-16%	-10%	-16%	-24%	-12%	-16%	
kWh/visit	2013	0.47	0.72	1.15	0.49	0.79	1.18	0.84	0.68	73%
	2014	0.41	0.68	1.05	0.45	0.67	1.06	0.80	0.61	
	2015	0.40	0.65	0.96	0.44	0.65	0.96	0.75	0.58	
	2016	0.36	0.65	0.98	0.43	0.62	1.01	0.71	0.56	
	2016/15	-10%	0%	1%	-4%	-4%	5%	-6%	-4%	
	2016/13	-24%	-10%	-15%	-13%	-21%	-15%	-15%	-17%	

(1) Pro forma constant scope: includes the performance of new assets.

Nearly 60% of electricity is from renewable sources

The Group is continuing its move to less carbon-intensive energy. 48% of the final energy used by the Group is from renewable sources (+10% on a current scope basis since 2014).

Electricity from renewable sources now accounts for 58% of our total electricity usage, representing over 197.8 GWh, sharply up over the past three years (up 14% from 2014). In five Group countries, 100% of the electricity used is from renewable sources.

Italy switches to 100% renewable energy

In 2016, Italy undertook a voluntary approach to renegotiate the electricity delivery contracts for all of its 36 centers.

From that point on, 100% of the electricity consumed will be from renewable sources.

Proportion of energy and electricity usage from renewable sources

2016 current basis (97% coverage): 125 shopping centers and 3,725,415 sq.m

	France-Belgium	Italy	Scandinavia	Iberia	Central Europe & Turkey	The Netherlands	Germany	Group	Group coverage rate
Renewable energy									
2014	19%	15%	81%	69%	7%	N/A	N/A	38%	94%
2015	11%	36%	78%	77%	30%	75%	21%	42%	98%
2016	12%	64%	75%	74%	23%	79%	22%	48%	97%
Renewable electricity									
2014	20%	20%	91%	75%	10%	N/A	N/A	44%	94%
2015	10%	44%	89%	87%	40%	100%	31%	51%	98%
2016	10%	78%	88%	82%	32%	100%	33%	58%	97%

Energy mix on a current basis

2016 current basis (97% coverage): 125 shopping centers and 3,725,415 sq.m

EPRA: Elec-Abs – DH&C-Abs – Fuels-Abs

	Group	
	MWh	%
Electricity from renewable sources	197,774	43.9%
Electricity from non-renewable sources	143,455	31.8%
Subtotal electricity	341,229	75.7%
District heating / Energy from renewable sources	11,581	2.6%
District heating / Recovered energy	9,580	2.1%
District heating / Energy from fossil fuels	26,386	5.9%
District cooling	15,265	3.4%
Subtotal networks	62,811	13.9%
Gas	45,102	10.0%
Fuel oil	1,071	0.2%
Bio-fuel	325	0.1%
Subtotal fuels	46,499	10.3%
TOTAL ENERGIES	450,538	100%
Group coverage rate		97%

Energy mix on a like-for-like basis

2016/14 like-for-like basis (76% coverage): 108 shopping centers and 3,138,666 sq.m

EPRA: Elec-LfL – DH&C-LfL – Fuels-LfL

	Group							
	2016		2015		2014		2016/15	2016/14
	MWh	%	MWh	%	MWh	%	%	%
Electricity	283,350	76.4%	296,420	76.7%	307,369	77.4%	-4.4%	-7.8%
District heating	34,436	9.3%	34,378	8.9%	35,465	8.9%	0.2%	-2.9%
District cooling	10,370	2.8%	10,428	2.7%	10,665	2.7%	-0.6%	-2.8%
Subtotal district networks	44,806	12.1%	44,806	11.6%	46,130	11.6%	0.0%	-2.9%
Gas	41,171	11.1%	42,812	11.1%	41,071	10.3%	-3.8%	0.2%
Fuel oil	1,071	0.3%	1,666	0.4%	1,719	0.4%	-35.7%	-37.7%
Bio-fuel	325	0.1%	539	0.1%	776	0.2%	-39.7%	-58.1%
Subtotal fuels	42,568	11.5%	45,017	11.7%	43,566	11.0%	-5.4%	-2.3%
TOTAL ENERGIES	370,743	100%	386,262	100%	397,083	100%	-4.0%	-6.6%
Group coverage rate				76%				

Ongoing decline in energy usage despite variable climate conditions

The energy performance presented in this report is not adjusted with climate factors. Presenting unadjusted results, also facilitate a clearer reading of the financial and environmental real benefits.

However, in 2016, a new stage in measuring energy performance of the centers was undertaken. First, consumption was recalculated in order to remove the influence of temperature fluctuations. This allows us to compare a center to its own performance over the years in order to identify the best performing centers that could potentially provide new good practices, but also to act and give particular attention to centers when their energy performance begins to worsen. A further improvement will be undertaken in 2017 thanks to a multi-correlation analysis of external performance factors which was in the process of being finalized in 2016. This analysis will reprocess consumption data from other meteorological data than the temperature (luminosity, humidity etc.) and activity data of the shopping centers (footfall, area, opening hours etc.)

Mechanisms used to control usage

In order to reduce our energy usage, we have four major mechanisms that we operate in parallel.

Accurate metering of consumptions

- Roll-out of real-time, usage by usage, equipment by equipment metering systems across 58% of the property portfolio in value at end-2016. These systems are made up of tens of meters per site and the information is automatically reported to the centers, the country teams and the Group. Roll-out was more generalized in 2016 over all the Group countries and we saw a 3% increase compared to 2015.
- Increased monitoring at Group level with quarterly reporting to the Executive Board and to the Supervisory Board.

Proportion in value of centers equipped with real-time energy measurement systems

2016 current basis (100% coverage): 135 shopping centers and 3,856,870 sq.m

	France-Belgium	Italy	Scandinavia	Iberia	Central Europe & Turkey	The Netherlands	Germany	Group	Group coverage rate
2014	61%	22%	96%	95%	36%	N/A	N/A	66%	100%
2015	53%	25%	95%	64%	43%	100%	0%	55%	100%
2016	55%	31%	100%	55%	41%	100%	0%	58%	100%

More than 18 million euros in cumulated savings since 2013

The Group's consolidated energy bill in 2016 was 46.9 million euros. The energy efficiency steps taken have a positive effect on our energy budgets, generating cumulative savings of close to 18 million euros over the past three years on a pro forma like-for-like basis, given that the energy rates are constantly increasing.

Central Europe and Turkey recorded a 25% fall since 2013 in energy budgets.

Energy conservation in the management

- Constant vigilance as to the operating hours: schedules of regular visits to the shopping centers at night to check how the equipment has been programmed were intensified in 2016.
- Adjustment of temperature settings to better reflect outside temperatures.
- Sharing of good practices: a manual of the best operational practices was produced in collaboration with all the countries and shared within the Group in 2016. These good practices are divided into the two categories of management and investment and cover four concerns: energy, waste, water, and certifications.

Improvement of technical equipment

- Replacement of the most energy-intensive equipment: cooling towers, mechanical linkages, ventilation pumps, etc.
- Replacing light bulbs: LED wherever relevant, lower-wattage bulbs, national directories of quality product suppliers.
- CO₂ sensors: continued roll-out to reduce the airflow and optimize air treatment plants.

Construction investments

- In the course of development: attention to building insulation and its compactness to improve thermal inertia, with particular focus on roofs, which account for the majority of energy loss.
- When renovating during operations: overhauling of thermal exchanges and recouping of heating or cooling, etc.

In Italy, cumulative savings totaled 4.6 million euros since 2013; this Group region has a more expensive average kWh price. Almost all the regions except Germany have seen their energy budgets fall by at least 16% in the last three years.

In France and Belgium, cumulative savings totaled more than 2.6 million euros, even though the price per kWh of electricity rose on average 8.5% over the 2013-2016 period.

Savings from changes in energy usage and energy costs

2016/2013 like-for-like basis (76% coverage): 108 shopping centers and 3,138,666 sq.m

		France-Belgium	Italy	Scandinavia	Iberia	Central Europe & Turkey	The Netherlands	Germany	Group	Group coverage rate
MWh	2013	103,653	95,625	77,883	39,384	88,601	12,040	25,685	442,872	76%
	2014	89,932	87,792	69,791	36,291	78,298	10,437	24,542	397,083	
	2015	87,674	86,657	64,769	35,785	77,919	9,016	24,444	386,262	
	2016	77,850	85,129	66,459	35,157	74,366	9,106	22,677	370,743	
	2016/13	-25%	-11%	-15%	-11%	-16%	-24%	-12%	-16%	
€ excl. VAT/MWh	2013	77	144	105	111	89	91	138	106	
	2014	83	147	102	113	87	94	133	107	
	2015	85	142	102	110	86	96	136	107	
	2016	84	134	102	104	80	99	146	104	
	2016/13	9%	-7%	-3%	-6%	-10%	9%	6%	-2%	
€ excl. VAT	2013	8,010,572	13,732,640	8,195,477	4,365,068	7,868,557	1,091,627	3,534,298	46,798,240	
	2014	7,423,197	12,923,026	7,141,435	4,093,697	6,816,796	977,500	3,256,051	42,631,701	
	2015	7,448,257	12,266,483	6,631,273	3,942,739	6,731,259	863,172	3,316,797	41,199,981	
	2016	6,557,778	11,404,353	6,748,803	3,666,896	5,930,582	901,337	3,308,190	38,517,939	
	2016/13	-18%	-17%	-18%	-16%	-25%	-17%	-6%	-18%	
TOTAL SAVINGS IN € EXCL. VAT		2,602,484	4,604,058	4,064,922	1,391,873	4,127,034	532,872	721,857	18,045,099	

Overall performance of our buildings, including tenants, assessed over 38 centers

An environmental appendix is incorporated into new leases all over Europe. In addition, Klépierre already has access to information on the energy usage of all buildings, including tenants, at 38 centers in 10 countries, representing 19% of the property portfolio in value.

Energy consumption in MWh and energy efficiency in kWh/sq.m and kWh/visit for the whole building

2016 current basis (19% coverage): 38 shopping centers and 1,114,478 sq.m

		France-Belgium	Italy	Scandinavia	Iberia	Central Europe & Turkey	The Netherlands	Germany	Group	Group coverage rate
Number of centers		1	1	13	0	21	2	0	38	19%
Shared equipment	MWh	3,295	1,565	55,149	0	75,910	7,808	0	143,726	
	%	54%	31%	44%	N/A	38%	59%	N/A	41%	
Tenant equipment	MWh	2,768	3,408	70,030	0	122,199	5,506	0	203,910	
	%	46%	69%	56%	N/A	62%	41%	N/A	59%	
Whole building	MWh	6,062	4,973	125,179	0	198,109	13,313	0	347,636	
	kWh/sq.m	456	132	233	N/A	278	132	N/A	248	

We are working on a number of ways to further increase cooperation with retailers, especially on environmental and energy matters. At the centers where full usage information is available, specific communication and awareness-raising measures are put in place. These measures may take different forms and in any case require a good understanding of the technical and business characteristics of each retailer.

More broadly, the vast majority of centers have already established dialogue with some or all of their tenants on environmental matters through dedicated meetings (at 58% of properties in the portfolio) and written communication (80% of properties in the portfolio), particularly on their energy consumption.

4.2.4 Climate change

Our efforts to respond to the challenges raised by climate change are based on ongoing efforts to reduce our greenhouse gas emissions and active planning on how our assets will need to be adapted.

Accurate measurement of our CO₂ emissions under Scopes 1 and 2 of the GHG Protocol⁽¹⁾ gives us an accurate picture of our direct and indirect contribution to greenhouse gas emissions, as well as of our dependence on fossil fuels.

Since 2016, in addition to the assessment using the location-based method of the GHG Protocol, we are also publishing the same information according to the market-based methods in order to improve the transparency of the performance indicators that we provide to our stakeholders.

(1) Klépierre calculates emissions under Scope 2 of the GHG Protocol using the "location based" and "market based" methods.

Quantifying under Scope 3 gives a better idea of our broader carbon footprint and the effects of the activities of our stakeholders (retailers, visitors and providers in particular).

In 2016, the emphasis has been on a better understanding and quantification of Scope 3. A carbon study was conducted so that the Group could better understand its footprint on the different scales included in the enlarged Scope 3 in order to define relevant actions to reduce carbon emissions but also to anticipate the impacts of climate change and carbon emissions on Klépierre's activity.

The Group's total energy usage plus leaks from the use of refrigerant gases resulted in the emission of 118,039 metric tons of CO₂e in 2016. A decline of 7,931 metric tons of CO₂e was recorded compared to 2015.

Year-on-year changes on a current scope basis are mainly due to the various disposals and acquisitions made by the Group over the past three years.

Greenhouse gas emissions in tCO₂e from energy usage in common areas and the use of refrigerant gases (scopes 1 and 2) and energy usage in tenant areas (scope 3)

2016 current basis: 125 shopping centers and 3,725,415 sq.m

EPRA: GHG-Dir-Abs – GHG-Indir-Abs – 6.5

Location based	2016								2015
	France-Belgium	Italy	Scandinavia	Iberia	Central Europe & Turkey	The Netherlands	Germany	Group	Group
Gas	1,663	3,142	253	778	2,487	0	0	8,323	9,078
Fuel oil/Bio-fuel	32	237	0	0	0	0	0	270	623
Refrigerant gas	2,032	3,386	257	674	1,415	0	96	7,861	8,237
Direct emissions scope 1	3,728	6,766	510	1,452	3,902	0	96	16,453	17,939
Electricity	4,549	33,420	3,979	12,358	28,956	4,669	5,959	93,889	100,361
Heating	1,008	0	1,415	0	3,403	526	917	7,268	7,233
Cold	187	0	101	0	0	26	114	427	438
Indirect emissions scope 2	5,743	33,420	5,495	12,358	32,358	5,221	6,990	101,585	108,032
EMISSIONS SCOPE 1 + 2	9,471	40,185	6,005	13,810	36,260	5,221	7,086	118,039	125,970
Group coverage rate								97%	98%
Tenant areas electricity	169	1,370	1,002	0	64,455	2,191	0	69,186	72,585
Tenant area gas	0	0	48	0	984	15	0	1,048	1,112
RELEVANT KNOWN EMISSIONS FROM SCOPE 3	169	1,370	1,050	0	65,439	2,206	0	70,234	73,697
Group coverage rate								19%	21%

Market based	2016								2015
	France-Belgium	Italy	Scandinavia	Iberia	Central Europe & Turkey	The Netherlands	Germany	Group	Group
Gas	1,663	3,142	253	778	2,487	0	0	8,323	9,078
Fuel oil/Bio-fuel	32	237	0	0	0	0	0	270	623
Refrigerant gas	2,032	3,386	257	674	1,415	0	96	7,861	8,237
Direct emissions scope 1	3,728	6,766	510	1,452	3,902	0	96	16,453	17,939
Electricity	2,023	17,157	4,694	6,872	23,258	0	5,072	59,076	78,952
Heating	1,008	0	1,415	0	3,403	526	917	7,268	7,233
Cold	187	0	101	0	0	26	114	427	438
Indirect emissions scope 2	3,217	17,157	6,210	6,872	26,661	552	6,104	66,772	86,622
EMISSIONS SCOPE 1 + 2	6,945	23,923	6,720	8,323	30,563	552	6,200	83,225	104,561
Group coverage rate								97%	98%
Tenant areas electricity	169	1,370	1,002	0	64,455	2,191	0	69,186	72,585
Tenant area gas	0	0	48	0	984	15	0	1,048	1,112
RELEVANT KNOWN EMISSIONS FROM SCOPE 3	169	1,370	1,050	0	65,439	2,206	0	70,234	73,697
Group coverage rate								19%	21%

The calculation of emissions included in Scope 2 of the first table complies with the "location-based" method in the GHG Protocol. The emission factors used vary substantially from one Group country to another⁽¹⁾. Central Europe and Italy thus generate close to two thirds of greenhouse gas emissions on a current scope basis. We pay close attention to the emission factors of the various energy sources and favor the cleanest energies.

According to the "location-based method" in the GHG Protocol, electricity from renewable sources (even though it represents 58% of the Group's total electricity usage) cannot be accounted at a zero

emission factor. The ongoing decline in CO₂ emissions on a like-for-like basis thus reflects real energy saving measures, and is not artificially increased by purchasing so-called "green" electricity.

To be able to illustrate the efforts undertaken to supply electricity from renewable sources, we have widened our Group reporting to also calculate emissions according to the market-based method that consists in applying emission factors from each of the energy suppliers. Therefore, the emission of 34,814 metric tons of CO₂e was avoided in 2016 as a result of European purchasing of green electricity.

Greenhouse gas emissions in tCO₂e and carbon intensity in kgCO₂e/sq.m and gCO₂e/visit from energy usage in common areas and shared equipment

2016 current basis (97% coverage): 125 shopping centers and 3,725,415 sq.m

EPRA: GHG-Dlr-Abs – GHG-Indir-Abs – GHG-Int

Location based		France-Belgium	Italy	Scandinavia	Iberia	Central Europe & Turkey	The Netherlands	Germany	Group	Group coverage rate
tCO ₂ e	2014	6,493	14,769	7,529	7,506	33,968	N/A	N/A	70,266	94%
	2015	8,761	37,932	5,289	15,121	37,686	5,485	7,459	117,733	98%
	2016	7,438	36,799	5,748	13,136	34,845	5,221	6,990	110,178	97%
kgCO ₂ e/sq.m/year	2014	10	58	9	37	58	N/A	N/A	27	94%
	2015	10	54	6	42	54	35	27	30	98%
	2016	9	52	7	42	52	34	25	29	97%
gCO ₂ e/visit	2014	34	260	88	151	316	N/A	N/A	141	92%
	2015	34	243	61	144	292	130	213	142	96%
	2016	30	248	62	131	279	125	201	139	97%

Market based		France-Belgium	Italy	Scandinavia	Iberia	Central Europe & Turkey	The Netherlands	Germany	Group	Group coverage rate
tCO ₂ e	2015	5,925	36,261	5,923	9,242	31,557	715	6,702	96,324	94%
	2016	4,913	20,536	6,463	7,649	29,148	552	6,104	75,364	97%
kgCO ₂ e/sq.m/year	2015	7	51	7	26	46	5	24	25	94%
	2016	6	29	8	24	43	4	22	20	97%
gCO ₂ e/visit	2015	23	233	69	88	244	17	191	116	92%
	2016	20	140	70	77	233	13	175	95	97%

(1) The emission factors used for electricity vary substantially from one country to another. For example, they are 60 times higher in Poland compared to Norway. Source: CO₂ Emissions from Fuel Combustion (2013 Edition), IEA, Paris. CO₂ emissions per kWh from electricity generation.

A location-based 15% decline in emissions on a like-for-like basis since 2013

On a pro forma like-for-like basis⁽¹⁾, emissions from energy usage in the common areas and shared equipment in our buildings have fallen 15% since 2013, representing a reduction of 16,750 metric tons of CO₂e in three years. There was a 14% decline in gCO₂e/visit at Group level, well ahead, in annual terms, of the -30% goal from 2013 to 2020.

Taking into account the market-based table, the decline is even bigger: 15% in one year.

Italy's success in lowering the emissions by 36% in one year was a tour de force that was achieved by continuing its conversion to green electricity.

Greenhouse gas emissions in tCO₂e and carbon intensity in kgCO₂e/sq.m and gCO₂e/visit from energy usage in common areas and shared equipment

2013/2016 like-for-like basis (73% coverage): 108 shopping centers and 3,138,666 sq.m

EPRA: GHG-Dir-LfL – GHG-Indir-LfL – GHG-Int

Location based		France-Belgium	Italy	Scandinavia	Iberia	Central Europe & Turkey	The Netherlands	Germany	Group	Group coverage rate
tCO ₂ e	2013	9,092	34,079	7,430	11,193	37,883	4,393	6,822	110,891	76%
	2014	7,405	32,046	6,532	10,326	34,316	3,876	6,623	101,124	
	2015	7,045	31,628	4,726	10,144	34,686	3,083	6,696	98,008	
	2016	6,081	30,869	4,875	10,008	32,927	3,122	6,259	94,141	
	2016/15	-14%	-2%	3%	-1%	-5%	1%	-7%	-4%	
	2016/13	-33%	-9%	-34%	-11%	-13%	-29%	-8%	-15%	
kgCO ₂ e/sq.m	2013	12	57	12	43	59	46	27	34	76%
	2014	10	53	10	40	53	40	26	31	
	2015	9	53	7	39	54	32	26	30	
	2016	8	52	8	39	51	32	25	29	
	2016/15	-11%	-2%	3%	-1%	-5%	1%	-7%	-3%	
	2016/13	-31%	-8%	-35%	-10%	-13%	-29%	-8%	-14%	
gCO ₂ e/visit	2013	42	254	109	140	338	432	222	166	73%
	2014	34	250	98	128	297	393	217	156	
	2015	32,49	239	70	126	292	330	207	148	
	2016	28,41	237	72	121	277	346	196	143	
	2016/15	-13%	-1%	2%	-3%	-5%	5%	-5%	-3%	
	2016/13	-32%	-6%	-35%	-13%	-18%	-20%	-12%	-14%	

Market based		France-Belgium	Italy	Scandinavia	Iberia	Central Europe & Turkey	The Netherlands	Germany	Group	Group coverage rate
tCO ₂ e	2015	4,442	30,331	5,630	6,402	28,597	297	6,044	81,742	76%
	2016	3,693	18,312	5,841	6,710	27,376	318	5,491	67,741	
	2016/15	-17%	-40%	4%	5%	-4%	7%	-9%	-17%	
kgCO ₂ e/sq.m/year	2015	5,9	51,1	8,8	24,6	44,3	3,1	23,8	25,2	
	2016	5,1	30,9	9,1	25,9	42,4	3,3	21,6	21,0	
	2016/15	-14%	-40%	3%	5%	-4%	7%	-9%	-17%	
gCO ₂ e/visit	2015	21	229	84	79	240	32	187	123	
	2016	17	146	86	81	230	35	172	105	
	2016/15	-16%	-36%	3%	3%	-4%	11%	-8%	-15%	

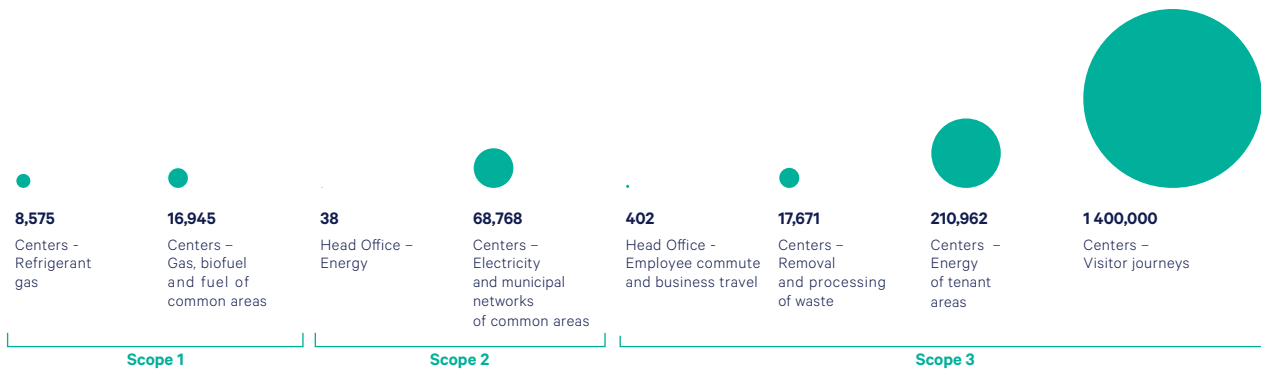
(1) Pro forma constant scope: includes the performance of new assets.

Develop awareness of the broader carbon footprint beyond our scope of direct responsibility

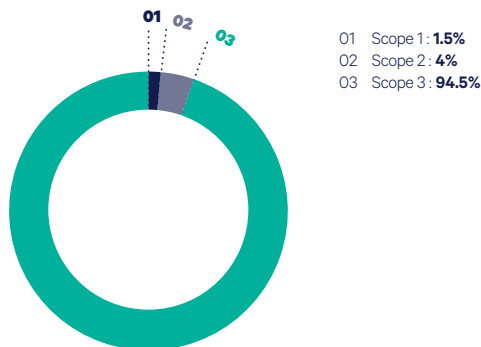
Our awareness of our impact in terms of greenhouse gas emissions is not limited to the scope of the Group's direct responsibility. The consumption of the retailers and the journeys made by visitors to the shopping centers are the largest line items in the Group's Scope 3 and are therefore presented below in Klépierre's broader carbon footprint⁽¹⁾.

BROADER CARBON FOOTPRINT IN TCO₂E – SCOPES 1 TO 3

EPRA: 6.5.



PROPORTION OF EACH SCOPE IN THE TOTAL OF EMISSIONS



Concrete actions to limit the impacts linked to Scope 3 have already been implemented (see sections "Energy Performance" and "Customers: tenants and visitors").

We communicate with the retailers on environmental issues at over 87% of our property portfolio in value.

Similarly, 98% of our shopping centers in Europe are accessible by public transportation and, in 2016, 41% of visitors went to the centers by public transportation or by green modes of transportation (walking or cycling).

To assess the indirect emissions precisely, a carbon study was done in 2016 to assess certain major items of Scope 3, particularly visitor journeys and the upstream portion of our tenants' activity (product

manufacture and upstream freight). In 2017, the Group plans to continue this study in order to calculate other indirect emission items to complete Scope 3 and therefore be able to define more precisely the action levers for achieving the 2020 emission reduction target.

Anticipating the adaptation required due to the effects of climate change

Adapting to the effects of climate change presents some challenges for the Group.

- The main impacts of this adaptation are financial. The actions mentioned above all limit the consequences. They are designed to reduce our dependence on fossil fuels and will enable us, among other things, to guard against overly large fluctuations in energy costs.

- The physical impacts are more limited, as our assets are located in the major cities in Europe.

Anticipating them involves dynamic risk management (see "Risks and safety" section). Structural audits are systematically performed to warn of the impacts of extreme weather events (storms, heavy rainfall or snowfall, etc.) and our energy saving efforts will help the Group to protect itself against changes in average temperatures and higher heating or air conditioning requirements. Finally, the Group's property portfolio is not really affected by drought (see Water chapter).

- Possible regulatory changes associated with combating climate change are mainly examined by the dedicated working groups within the professional organizations to which the Group belongs.

⁽¹⁾ Journeys by visitors were estimated asset-by-asset using an average distance of 10 to 22 km for a round trip journey depending on the type of asset and applying an emission factor specific to each mode of transportation according to the breakdown of visits. Emissions from retailer energy usage were estimated by extrapolating the CO₂ impact of energy usage for centers for which we have usage information on tenants across the entire property portfolio. Head office emissions include energy usage associated with French head office buildings.

4.2.5 Waste

We aim for effective waste management by offering tailored sorting solutions for our tenants and visitors, and then ensuring, with the service providers responsible for removing and processing the waste, that it reaches the proper destination.

The operation of the Group's shopping centers generated over 57,000 metric tons of waste. 99% of this waste was deemed non-hazardous. Bulbs, fluorescent tubes, electronic waste, electrical appliances and paint constitute the bulk of the hazardous waste. They are separated from other types of waste on site and processed through special recovery channels.

A responsible botanical garden in Naples

Innovating in the suburbs of Naples!

The Campania center designed and is cultivating on its ground a botanical garden also for educational purpose, of 650 sq.m. The Plants, all selected from local species, are grown on compost produced from the organic waste generated by the center. A local, biological harvest which also serves as educational workshops for families and local school networks, as the center offers free sessions to raise awareness on the matters of sustainable development, agronomy, nutrition education etc. Since its opening, the botanical garden has welcomed more than 1,000 children from the surrounding schools.

Increasing the number of sorting solutions

The Group is endeavoring to increase the number of sorting solutions in order to grow the proportion of waste sorted on site and thereby reduce the overall processing cost. Over 30 different types of waste can thus be sorted at the best-performing centers.

The measures taken at the centers are designed to emphasize the environmental and financial benefits of on-site separation. They involve raising awareness among employees and working closely with retailers. The Group has great expertise available in this matter, for example in Scandinavia or in Germany where 100% recycling rates have been achieved thanks to highly sophisticated collection and separation systems.

We are ensuring we capitalize on these experiences: a (best practices) manual published in 2016 contains 12 operational illustrations of exemplary practices in waste management.

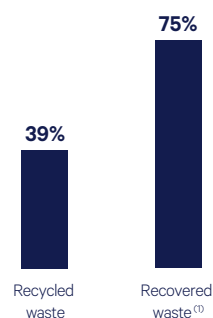
On average in Europe, 44% of waste is sorted directly at our centers, representing more than 25,000 metric tons in 2016. 16,548 metric tons of cardboard, 672 metric tons of glass, and 1,803 metric tons of food waste were thus sorted on site.

Waste sorted in the centers by type in metric tons⁽¹⁾

2016 current basis (86% coverage): 102 shopping centers and 3,165,142 sq.m

EPRA: Waste-Abs

2016 - Group	In metric tons	As a %
1. Cardboard	16,548	28.7%
2. Paper	80	0.1%
3. Glass	672	1.2%
4. Hangers	11	0.0%
5. Plastic	774	1.3%
6. Metals	243	0.4%
7. WEEE	75	0.1%
8. Pallets	424	0.7%
9. Food and organic waste	1,803	3.1%
10. Wood	347	0.6%
11. Batteries	9	0.0%
12. Bulbs and fluorescent tubes	14	0.0%
13. Other waste sorted	4,307	7.5%
Subtotal Waste sorted on site	25,307	43.9%
Unsorted waste	32,323	56.1%
TOTAL	57,630	100%
Group coverage rate	86%	



The proportion of waste recycled, reused or composted was 39% in 2016 (up 4% from 2014).

Including all the other forms of recovery (incineration with energy recovery, burying with biogas recovery, anaerobic digestion, etc.), this figure increases to 75%, up 12% over the past two years.

The percentage of waste recycled and recovered has risen since 2012. We will continue our actions to further limit the disposal of waste generated by the activities of the shopping centers and to increase our recycling efforts.

The 2016 target of a recycling rate above 50% was postponed to 2020 to allow us to find the most suitable solutions for the local context of each center, particularly in terms of existing national sector capacity. The initial target of a 75% recovery rate was already reached in 2015 and has been reset to 90% by 2020.

Most of the properties in the portfolio are now equipped with multi-compartment bins in the common areas, also making it possible to raise awareness about selective sorting among center visitors. Tenants are also made aware and ever-more frequent training on sorting waste is being given by technical directors of the centers.

⁽¹⁾ Incinerated waste is included in the portion of recovered waste.

Proportion of waste recycled and recovered⁽¹⁾

2016 current basis (86% coverage): 102 shopping centers and 3,165,142 sq.m

		France-Belgium	Italy	Scandinavia	Iberia	Central Europe & Turkey	The Netherlands	Germany	Group	Group coverage rate
Recycled	2014	27%	30%	53%	39%	24%	N/A	N/A	35%	88%
	2015	33%	39%	52%	32%	30%	35%	46%	37%	86%
	2016	33%	42%	52%	33%	39%	37%	67%	39%	86%
Recovered	2014	57%	35%	100%	55%	39%	N/A	N/A	63%	88%
	2015	80%	48%	100%	60%	62%	99%	100%	75%	86%
	2016	80%	48%	99%	58%	66%	99%	100%	75%	86%

Breakdown of waste by destination

2016 current basis (86% coverage): 102 shopping centers and 3,165,142 sq.m

EPRA: Waste-Abs

In tons		France-Belgium	Italy	Scandinavia	Iberia	Central Europe & Turkey	The Netherlands	Germany	Group	Group coverage rate
Recycled	a	5,989	3,224	4,476	3,127	2,045	1,185	482	20,528	86%
Reused	b	10	3	10	45	0	0	0	68	
Composted	c	46	577	742	103	170	87	140	1,865	
Subtotal recycled	a+b+c									
Incineration	e	4,071	450	3,273	1,852	525	0	10	10,181	
Any other form of recovery	f	4,828	15	1,440	652	1,038	2,186	297	10,456	70%
Subtotal recovery	a+b+c+e+f									
Landfill	g	3,629	4,705	93	4,113	1,970	24	0	14,533	
TOTAL		18,574	8,972	10,033	9,893	5,748	3,483	928	57,630	

Change in breakdown of waste by destination

2016/14 current basis (70% coverage): 89 shopping centers and 2,708,999 sq.m

EPRA: Waste-LfL

		2016		2015		2014		Group coverage rate
		Group		Group		Group		
		In metric tons	As a %	In metric tons	As a %	In metric tons	As a %	
Recycled	a	17,056	36%	16,221	35%	14,821	34%	70%
Reused	b	37	0%	254	1%	225	1%	
Composted	c	1,430	3%	648	1%	557	1%	
Subtotal recycled	a+b+c	18,523	39%	17,123	37%	15,603	35%	
Incinerated	e	8,210	17%	6,930	15%	3,385	8%	
Any other form of recovery	f	8,953	19%	10,383	23%	8,738	20%	
Subtotal recovery	a+b+c+e+f	17,163	36%	17,313	38%	12,122	27%	
Landfill	g	12,101	25%	11,654	25%	16,414	37%	
TOTAL		47,787	100%	46,090	100%	44,139	100%	

(1) The authorities are responsible for the collection of waste on certain sites in Italy, France, and Turkey. These sites are not included in the reporting because the Group does not have control over the final destination of the waste, thus explaining the 86% coverage rate.

4.2.6 Water

The Group's shopping centers used 3,6 millions of m³ of water in 2016, at a total cost of 8.4 millions of euros. These figures include tenants because the Group knows the usage of all buildings throughout Europe.

A m³ of water costs between 1.37 to 4.53 euros excl. VAT depending on the country. The most significant variable in the water price is the cost of treating waste water. The Group focuses its efforts on two areas: limiting the amount of water used and monitoring the quality of wastewater.

Water consumption in m³ and water intensity in m³/sq.m and l/visit

2016 current basis (90% coverage): 119 shopping centers and 3,502,720 sq.m

EPRA: Water-Abs – Water-Int

		France-Belgium	Italy	Scandinavia	Iberia	Central Europe & Turkey	The Netherlands	Germany	Group	Group coverage rate
m ³	2014	743,354	266,874	375,914	203,012	530,641	0	0	2,119,793	91%
	2015	871,834	1,321,695	373,200	310,059	685,390	22,055	125,856	3,710,089	85%
	2016	846,199	1,281,014	391,130	220,780	657,244	58,726	126,798	3,581,890	90%
m ³ /sq.m	2016	0.70	1.73	0.45	0.79	0.88	0.26	0.46	0.83	90%
L/visit	2016	3.27	8.79	4.25	4.80	5.07	1.74	3.64	4.82	90%

Very low risk of water stress

Our property portfolio is not very exposed to water stress. Over 95% of our centers in value are not affected by this situation. Only eight centers are exposed in four countries (three in Turkey, one in Hungary, two in Italy and two in Spain). The other countries are not subject to this stress.

Proportion of centers not exposed to water stress risk in 2016 (% in value)

2016 current basis (100% coverage): 156 shopping centers and 4,164,307 sq.m

	France-Belgium	Italy	Scandinavia	Iberia	Central Europe & Turkey	The Netherlands	Germany	Group	Group coverage rate
Unexposed	100%	88%	100%	91%	78%	100%	100%	95%	
Exposed (% in value)	0%	12%	0%	9%	22%	0%	0%	5%	100%
Exposed (in number of centers)	0	2	0	2	4	0	0	8	

Source: "Aqueduct" project of the World Resources Institute, Aqueduct's global water risk mapping, overall risk.

0.77 m³/m², and 4.5 liters per visit, 7% down over the past three years on a like-for-like basis

Our usage is down 7% over the past three years on a like-for-like basis, with 183,496 m³ less. In liters/visit, the decline is 7% over three years.

The three largest usages in a shopping center (excluding tenant areas) are as follows:

- toilets;
- air conditioning equipment, in particular cooling towers;
- cleaning.

Major efforts have been made over the past number of years to improve the measurement of our usage, in particular through the installation of many individual meters in order to have a more detailed analysis by store and by usage.

We are also gradually rolling out automatic instantaneous measurement systems for our water usage. At present, 49 shopping centers have been equipped with such systems, i.e., 48% of the property portfolio in value. 16 new centers were equipped in 2016.

The use of water-saving materials, better management of green spaces with less water-hungry species or the recovery and reuse of rainwater are some options we have explored for our buildings.

Water consumption in m³ and water consumption intensity in m³/sq.m and l/visit

2016/13 like-for-like basis (63% coverage): 91 shopping centers and 2,667,496 sq.m

EPRA: Water – LfL – Water-Int.

		France-Belgium	Italy	Scandinavia	Iberia	Central Europe & Turkey	The Netherlands	Germany	Group	Group coverage rate
m³	2013	837,053	604,471	259,956	225,339	648,555	8,066	81,438	2,664,879	63%
	2014	793,834	554,466	264,721	211,780	633,646	11,092	88,893	2,558,432	
	2015	781,427	583,871	269,186	210,026	642,698	10,276	91,202	2,588,686	
	2016	723,543	532,260	290,941	201,065	628,556	10,616	94,402	2,481,383	
	2016/15	-7%	-9%	8%	-4%	-2%	3%	4%	-4%	
	2016/13	-14%	-12%	12%	-11%	-3%	32%	16%	-7%	
m³/sq.m	2013	0.87	1.64	0.40	0.92	0.90	0.09	0.46	0.83	63%
	2014	0.82	1.51	0.41	0.87	0.88	0.13	0.51	0.80	
	2015	0.82	1.60	0.41	0.86	0.90	0.12	0.52	0.81	
	2016	0.76	1.46	0.43	0.82	0.88	0.12	0.54	0.77	
	2016/15	-7%	-9%	7%	-4%	-2%	3%	4%	-4%	
	2016/13	-12%	-11%	9%	-10%	-3%	32%	16%	-7%	
L/visit	2013	3.84	7.84	3.83	5.76	5.53	9.53	3.66	4.90	63%
	2014	3.70	7.24	3.98	5.31	5.24	12.44	3.91	4.70	
	2015	3.65	7.38	3.99	5.22	5.19	11.20	4.09	4.71	
	2016	3.41	6.83	4.27	4.99	5.09	11.13	4.28	4.54	
	2016/15	-7%	-8%	7%	-4%	-2%	-1%	5%	-4%	
	2016/13	-11%	-13%	11%	-14%	-8%	17%	17%	-7%	

Monitoring the quality of waste water

Lastly, close attention is paid to the quality of waste water. The drainage systems are cleaned on a regular basis, and almost all of the parking lots managed by the Group are equipped with oil separators in order to treat run-off before it reaches the public networks. On-site infiltration of rainwater may also be encouraged, in compliance with the authorized levels, in order to limit soil sealing.

4.2.7 Natural resources

Strict and limited use of natural resources

The use of natural resources (apart from fossil fuels and water) is primarily concentrated in the building development phase.

The Group takes specific measures to limit their use. It works closely with leading real estate developers that have structured environmental approaches. The use of natural resources is managed and verified by means of well-established certifications, in particular the BREEAM certification with the Group targeting at least a Very Good rating for all new development projects.

This management consists for instance of:

- paying special attention to “green building site” policies implemented by the developers;
- implementing strict environmental impact monitoring during the construction phase;

- systematically considering the use of environmentally-friendly materials;
- examining the origin of raw materials used, in particular wood for which companies must prove that it is legally sourced. Klépierre favors certification under the PEFC™ or FSC® programs. On new developments, in line with the criteria set by BREEAM for the Management target and endorsed by Klépierre, traceability according to one of these two programs is assured for over 80% of the wood used.

At the Prado, which will open in Marseille in 2018, Klépierre is going even further by drawing on the Cradle to Cradle® philosophy. It will thus become the first shopping center in France to apply this methodology, which aims to encourage the use of recyclable or reusable materials while considering their future processing from the outset.

In addition to the materials, this approach rewards the integration of environmental and social issues into the center's design. The cleverly designed canopy roof therefore allows for internal air to be renewed and for optimal penetration of daylight. Hundreds of square meters of living walls, terraces and beehives will house a diverse flora and fauna for educational purposes. A carpooling system will be implemented for the center's employees. The center will be powered by energy from the heating loop created from the water treatment plant in the eco-district, therefore reducing the carbon impact and purchasing costs.

During the building operation phase, the teams are made aware of the products and materials used. These criteria are used when selecting suppliers. 86% of cleaning suppliers in Europe are thus certified. A list of the least environmentally harmful products and materials is also appended to the cleaning framework agreement.

4.2.8 Biodiversity and health quality

Respecting local biodiversity and the health quality we are obliged to provide at our centers both require greater consideration of the natural environment and our desire to limit our environmental impact. These concerns are incorporated into our development projects and are also monitored throughout the life of our centers.

Biodiversity studied as part of all developments

Ecologists are routinely involved in development projects for new assets or extensions of existing buildings. The ecologists' reports give us a greater understanding of the surrounding natural environment and allow us to better identify and preserve local flora and fauna. Their advice guides the architects and developers to help them take into account existing ecosystems and select the most appropriate plant species.

Taking these aspects into account forms part of the BREEAM New Construction certification, especially the credits granted toward the "Land Use and Ecology" target.

Green roofs are among the preferred options. Emporia in Malmö, Sweden, has a publicly accessible green roof covering over 27,000 sq.m. When renovating the Alexandrium roof in Rotterdam, over 22,000 sq.m. of sedums were planted. Finally, the Prado project in Marseille will have a green roof under a glass canopy covering 4,200 sq.m. Local species are preferred on these surfaces, and the use of invasive species is prohibited.

Initiatives to promote biodiversity

2016 current basis (100% coverage): 135 shopping centers and 3,856,870 sq.m

	Number of centers	% in value	Group coverage rate
Environmental-friendly management of green spaces	62	49%	100%
Partnership with an association and/or a school	29	23%	
Biodiversity action plan	13	11%	
Wildlife shelters	18	21%	
Other initiatives	25	20%	
AT LEAST ONE ACTION	85	67%	

A healthy environment for everyone

Several hundred million visitors come to our shopping centers every year. They are also places in which tens of thousands of people work every day.

We want to ensure a safe and healthy environment for everyone. The health quality of these premises must thus be beyond reproach. We identified three major components in this respect:

- health quality: 86% of the providers responsible for cleaning have been certified, most of them under ISO 14001, and their specifications include products favored for improved health quality. The monitoring and maintenance of ventilation ducts are also highly regulated in Europe;
- the quality of the materials, coverings, facades, furniture: the Group strives to use healthy materials with low emissions of volatile organic compounds, and with low content of harmful substances. Asbestos and the monitoring of technical facilities are also naturally covered by our risk management policy;

Initiatives to encourage biodiversity at a majority of centers

Our impact on biodiversity is systematically considered for new projects. It is also incorporated for existing shopping centers.

In 2013, Klépierre retained a specialized firm to carry out testing across 45 shopping centers, which in 2016 represented almost half of the property portfolio in value in order to assess the proximity and sensitivity to their natural environments (proximity to a natural or semi-natural area, a regulated and/or sensitive area, wetlands, ecological connectivity, presence of sensitive species or habitat, etc.).

This testing identified the centers with heightened sensitivity. Close attention was paid to these centers. Group-wide, 85 centers, representing over two thirds of the property portfolio in value, took concrete initiatives to encourage biodiversity.

These can take several forms:

- partnership with a school and/or an association to promote and raise awareness about biodiversity: at 29 shopping centers;
- installation of shelters for local wildlife: at 18 shopping centers;
- sensitive management of green spaces: 62 shopping centers promote local plant species that require less water and use more environmentally-friendly plant protection products.

- air and water quality: the Group ensures that air inlets are free of major sources of pollution, and that a satisfactory amount of fresh air constantly comes into the centers. The risk of Legionnaires' disease is controlled via regular tests on the technical equipment.

The security of our centers, retailers and the millions of visitors who trust us, our flawless conduct toward our stakeholders and the satisfaction of our customers are all critical issues for Klépierre.

2016 will have seen, yet again, a heightened level of security, especially following the events and attacks in Paris. The teams were fully mobilized, enabling the shopping centers to continue welcoming the public against a background of increased security measures.

In 2016, 98% of French centers were equipped with CSMS systems: computer-based safety management systems. This ultra-secure system ensures correct implementation of preventative actions and effective management of incidents as a result of traceability and information sharing (police, etc.).

This responsiveness and security level are the direct result of the steps taken over the past number of years to analyze risks more closely and better control them across all the countries in which we operate.

4.2.9 Risks and safety

Implementing a real risk prevention and management policy is a top priority for Klépierre. This policy is therefore reviewed on an ongoing basis in order to guarantee its efficiency at all levels and in all the countries in which our Group operates. At the building level, risks are accordingly mapped, assessed and addressed with a clear emphasis on ensuring the safety of the millions of visitors and several tens of thousands of employees that frequent the Group's shopping centers every year.

The steps taken over the past number of years have made it possible to increase the human and organizational resources dedicated to risk management systems across Europe. This structuring work continued in 2016, with a growing desire to implement shared tools and uniform methods throughout our locations, including in the new countries and across the new teams that joined following the Corio merger.

To meet these challenges, the organizational structures are present at all levels. They include the Audit Committee within the Supervisory Board, the Risks and Internal Control Committee (on which the Executive Board sits), the Internal Control division, and a network of coordinators across all Group functions and business lines.

A new Internal Control Charter, published in early 2016, formalizes this organization, which has proven to be effective, and lists all the tools and processes used in these controls.

Identification and evaluation of the risks in the shopping centers

Our teams in the centers prioritize both risk identification and analysis. They are identified using the risk matrix, which comprises the following risks, among other things:

- risks threatening the safety of visitors and buildings, structural risks in particular;
- natural risks: extreme climate patterns (drought, snowfall, heat waves and cold spells, storms), earthquakes, sea flooding, river flooding, fire prevention, etc.;
- technological risks: proximity to specific installations;
- materials and chemical products: asbestos, lead, paints, cleaning products, etc.;
- soil and water pollution: waste water quality, drainage systems, oil separators, etc.;
- health risks: legionella, bacterial and virus infections, etc.;
- noise and odor pollution.

To control them, the owners of clearly identified risks put in place appropriate controls documented in the procedures and specifications.

Control compliance is tested on an ongoing basis by the operational teams (center management, operational departments, country-specific departments) and periodically by the internal audit functions and the teams in charge of operational control at corporate level.

Internal management charts track these controls and an annual report is presented to the Executive Board and to the Supervisory Board.

A high level of security is also provided every day by having dedicated teams and security guards permanently on site. The new parking facilities all incorporate better design in terms of traffic management and specific spaces for the disabled and for families with young children. Centers and cooling equipment in particular are also continuously monitored for legionella contaminations and bacterial and/or viral propagation.

Identifying incidents in the shopping centers means that proper risk control can be measured. These incidents are reported uniformly across Europe using common incident classification, thereby providing greater insight and understanding. There is a quarterly analysis of all incidents within the Group, which is sent to the Executive Board and to all country-specific departments.

Finally, emergency control is tested as part of full-scale crisis management exercises. These tests, which measure team responsiveness, are run at least once or twice a year and may be done when customers are present or outside of opening hours depending on the country.

Identification and evaluation of the risks at corporate level

Klépierre Group risks are identified and evaluated on the basis of risk mapping, done jointly with the various Group functions and business lines.

This mapping is updated at least once a year and at the request of users (new risk, change in the evaluation of a risk, additional measures, etc.). The update involves the following steps:

- identification of the activities of the operational departments and support functions;
- identification of the risks associated with each activity;
- evaluation of the gross risk (prior to controls and measures) on the basis of three impact criteria (image, financial and legal) and the frequency of occurrence of the risk;
- identification of controls and containment measures for the risks described by the operational teams and evaluation of these controls and measures in terms of effectiveness and completeness;
- evaluation of residual risks after taking account of controls and measures;
- preparation of action plans to be implemented, including the first and second level controls as well as the procedures.

37 risks organized into 10 families of risks have been identified at corporate level.

10 families of risks

Security and safety of individuals and assets	Financing policy
Investments and valuation	Regulatory, tax, insurance
Marketing and rental management	Management, process and tools
Asset development and real estate management	Communication and reputation
Purchasing of goods and services	Human Resources management

Update of the business continuity plans (BCP)

The business continuity plans are regularly updated.

A new Group business continuity Charter was published in early 2016 in order to harmonize the frameworks across Europe and in particular in the new countries acquired as part of the Corio acquisition in 2014.

Finally, on the environmental front, the Group has not been involved in or responsible for any breach of regulations. It has not booked any provisions or guarantees for environmental risks over the past three years.

100% REGULATORY COMPLIANCE SINCE 2013



Significant fines

Non-monetary sanctions

Provisions and guarantees for environmental risks

4.3 Klépierre, a company that is committed throughout its value chain

4.3.1 Human Rights and ethics

Major focus on respecting fundamental rights

Following the integration of Corio assets and Oslo City acquisition in 2015, Klépierre now operates in 16 countries, in the most dynamic regions and cities in Europe demographically and economically. In line with its ethical commitments, the same procedures are systematically applied in all places and to all Group employees.

Furthermore, strict national and European Regulations and internal procedures ensure that human rights standards are respected. 100% of Klépierre employees work in countries that have ratified the eight fundamental conventions of the International Labour Organization (ILO) including the elimination of discrimination in the workplace, respect for freedom of association and the right to collective bargaining, the elimination of any form of forced or compulsory labor, and the abolition of child labor. As all our key suppliers and service providers operate in these same countries, this situation is thus extended to our supply chain.

A signatory to the United Nations Global Compact since 2012, Klépierre renewed this commitment in 2016 and currently conducts a yearly review of the human rights situation, in tandem with correspondents in the countries in which we operate. This assessment done on the basis of the analysis tool developed by the Global Compact, shows systematic respect for fundamental rights (in terms of occupational health and safety, working conditions, equal treatment, freedom of association and collective bargaining, non-discrimination, forced labor, etc.). The yearly review which is carried out with all Group HR correspondents is used to check the relevance of the periodic reporting in place, the consistency and the development of local initiatives. It also serves as a means of reflection on the policies to be implemented at Group level to permanently and uniformly improve our practices.

The Code of Professional Conduct, the basis of our commitment

The Code of Professional Conduct demonstrates our commitment to ethics and human rights. The objective of this Code is to make our Group's commitments more understandable for our employees and stakeholders and thus ensure better compliance. Training sessions were organized at its launch in most countries. The Code is available online at the Klépierre website⁽¹⁾.

A comprehensive set of rules and control mechanisms to ensure compliance with Group rules and commitments

A set of internal procedures and best practices govern the activities in order to ensure respect for regulations and local customs and to prioritize the customers' interests. They supplement and clarify the principles set out in the Code. Thus they define the rules to be followed in order to limit and prevent risk situations related to the following issues:

- conflict of interests;
- confidentiality and observance of professional secrecy;
- financial communication and media;
- privileged information and insider trading;
- fight against money-laundering and the financing of terrorism;
- adherence to rules governing corruption;
- no political funding;
- delegations of authority and signing authority;

⁽¹⁾ www.klepierre.com/qui-sommes-nous/gouvernance/gouvernement-dentreprise.

- gifts and invitations, received by employees and offered to third parties;
- protection and utilization of company assets;
- adherence to procedures applicable to invitations to tender;
- whistleblowing;
- health and safety;
- prevention of acts of discrimination and harassment, respect for privacy;
- environmental responsibility.

Respect for these principles was analyzed in 2016 by means of a compliance questionnaire sent to each subsidiary to ensure that these principles are being applied and respected in all the countries in which we operate.

An improved whistleblowing and fraud-risk monitoring system

A whistleblowing system is also in place throughout Europe and consists of an outside hotline available to all employees.

This system is available 24 hours a day by phone, e-mail or via a dedicated website. Anonymity is put in place when this is permitted by local regulations. All employees are made aware of this system.

No breach or violation of the ethical rules has been reported to date through this system.

The Group is regularly subject to external fraud attempts such as CEO fraud and computer hacking attempts. Hacking is now the subject of increased vigilance using audit and protection tools. Internally, access is managed by the system through authorized profiles and employees are made aware of these subjects through ongoing accessible training modules.

4.3.2 Responsible purchasing

The Group's relationships with its service providers and suppliers are governed by the same concern for probity and integrity. Klépierre endeavors to extend its principles of responsibility to its value chain, since it plays a key role in safety issues and in the quality of the shopping experience offered to our customers, both retailers and visitors.

A Purchasing Department to fit the purchasing process in our shopping centers

In order to ensure proper management of the operational risks linked to purchasing and to optimize our performance in this area, a dedicated department was created in the first half of 2014. With a six-strong team, and in cooperation with external providers, its primary responsibilities, in order of importance, are to:

- optimize the purchasing processes;
- secure, evaluate and monitor a specific pool of so-called "approved" suppliers;
- improve the operational margin.

It pays close attention to the responsible and sustainable nature of our purchasing. Its fields of action involve the current operating expenses of shopping centers (OPEX), non-current expenses (CAPEX), as well as marketing budgets and overheads.

It is governed by two fundamental principles: impartiality for objective, fair, ethical and transparent processes, and broad vision.

Since the integration of the Corio assets in 2015, the Purchasing Department optimizes purchases in all 16 countries where the Group is present. To do this, in 2016, it has defined the actions which will be implemented from 2017:

- implementation of a common Supplier Relationship Management system (SRM) across the countries;
- creation of an international purchasing coordination;
- implementation of dedicated purchasing expertise in the countries.

Operating expenses experience a high level of scrutiny

In 2016, Klépierre purchased services and supplies totaling around 300 million euros⁽¹⁾ for the operational management of its shopping centers owned and managed in Europe. These OPEX expenses are especially scrutinized. They are overwhelmingly passed to tenants in rental charges. This is an important responsibility in our dealings with our retailers, and pushes us to continually increase the transparency and effectiveness of our budget management.

We are continually looking to achieve savings. For example, in France in 2016/2017 the following are worth noting:

- the establishment of a framework agreement governing security and safety in the shopping centers that represents the first expenses item;
- the launch of a national call for tenders regarding the multi-technical maintenance of our centers;
- the renewed roll-out of the gas supply contract for the shopping centers.

The risks related to operating expenses lie in the atomization of the purchasing process (order or supply) at each shopping center and in the identification of the suppliers providing services that can impact the business continuity of the center. These risks are addressed in particular through more stringent selection and approval of service providers and the signing of framework agreements and continuous on-site monitoring.

Local service providers with a daily presence in our centers

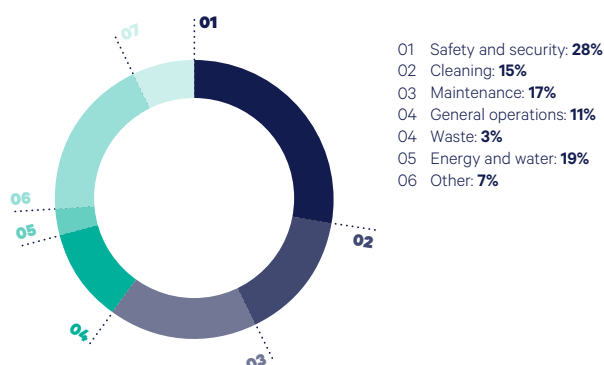
On average in Europe, 90% of our operating budgets (OPEX) consist of five major categories of services⁽²⁾ utilities: fluids (energy and water), general operations, cleaning, maintenance, security and safety.

(1) Excluding marketing budgets, taxes and management fees.

(2) Based on 2016 planned operational budgets for 10 countries. Excludes marketing budgets, taxes, management fees.

A majority of suppliers and service providers involved in cleaning, security and maintenance have their teams in our shopping centers on a daily basis. These services account for more than 60% of our operating budgets in Europe. This makes the monitoring and control mechanisms easier. If we add in the budgets for energy and water, markets that are strictly regulated in Europe, we can conclude that the major purchasing categories are highly controlled.

BREAKDOWN OF OPERATIONAL BUDGETS OF SHOPPING CENTERS AND IDENTIFICATION OF THE MAIN SERVICES PROVIDED



100% of our key suppliers are thus present in the countries in which we operate and all have signed the eight fundamental conventions.

The teams on site are in charge of controlling and auditing the quality of the services provided. The procedures implemented at Group level are used to standardize these controls based on economic, environmental and social criteria.

In 2016, a social and environmental performance analysis of our main suppliers was carried out. This study assessed around 40 suppliers of varying sizes on the following criteria: environment, social, business ethics, and responsible purchasing. The average score of Klépierre suppliers was 46.4, higher than the average from a benchmark panel of 15,000 suppliers on the platform of the study provider.

Klépierre will continue its analysis in order to draw from it a concrete path of actions for engaging its suppliers and subcontractors in a shared responsible approach.

Same diligence with regard to non-recurring expenses (CAPEX)

Klépierre has developed the ClubStore® concept in order to re-examine and map the customer journey and create an exclusive commercial environment. In 2015/2016, the Purchasing Department launched a call for tenders to identify the best providers matching the concept across Europe from a number of angles: rest area (furniture, lighting, etc.), signage, reception (guest clubs) directory terminals, bathroom facilities, playwords – children's corner or stickers.

The chosen solutions meet the Group's requirements in the following areas:

- **control:** products that fully comply with regulations and standards governing ERPs;
- **warranty:** products carry a two-year warranty for parts, labor and call-out;
- **safety and security:** providers "analyzed" in terms of their financial health (undeclared work) and their level of dependence;
- **negotiation:** prices encompassing all services: fees, intellectual property, licenses, equipment, etc.
- **sustainable development:** providers are included in the external assessment platform;
- **maintenance:** the whole life cost aspect is considered with warranty extension and maintenance.

Development of significant additional revenue

The Purchasing Department negotiates for the Group on all publicity agreements in liaison with the countries. Sweden and Italy were rolled out in 2016, France is being finalized and will be rolled out in 2017. Spain, Portugal, the Netherlands and Norway are planned.

Selection and approval of service providers

The approval of suppliers and providers (sourcing, assessment and contracting) is standardized. The economic partners are selected through an objective and fair tender process. The contracts signed are not automatically renewed. The selection of accredited providers incorporates increasingly more stringent sustainable development criteria. These criteria have different weightings depending on the kind of service provided.

Accreditation of providers has been strengthened in the main countries concerned and is gradually being centralized. Using fewer providers makes it easier to carry out on-site controls.

A special effort was in particular made in 2014 with regard to Christmas decorations. The selection of three providers in France, Spain and Portugal offers multiple economic (down 12% in costs), environmental (more than one million LED bulbs) and security (easier control of installations) advantages.

Responsible practices

In order to help buyers in their day-to-day work, market leading tools were put in place to monitor and anticipate external partners.

The Group's social and environmental commitments were progressively incorporated into the contracts signed with our suppliers and service providers and in particular include the following items:

- economics: financial position, proportion of revenue done with the Group (< 25%), business ethics, etc.;
- environment: use of environmentally-sound products and materials, energy efficiency, waste management, establishment of innovative processes, etc.;
- social: measures against undeclared work, forced or child labor, working time and conditions, etc.

Service providers holding a certification are preferred. We believe that this ensures the implementation of more responsible practices. Across Europe, 80% of our key providers and suppliers have at least one certification, primarily ISO 9001 or 14001. The 80% target has thus been achieved since 2014. We now want to at least keep this level of certification.

Proportion of key providers certified (in value)

2016 current basis (100% coverage): 135 shopping centers and 3,856,870 sq.m

	Cleaning	Security	Maintenance	Total	Group coverage rate
2014	90%	77%	73%	83%	100%
2015	85%	78%	80%	82%	100%
2016	86%	75%	79%	80%	100%

The main certifications are ISO 9001 (quality), ISO 14001 (environment) and OHSAS 18001 (occupational health and safety).

Managed payment mechanisms

The internal departments that select and approve suppliers and the departments that process payment are completely independent from each other. This strict task allocation was reinforced with the implementation of a new ERP tool. This tool, in place since 2008, is operational across all regions.

4.3.3 Our customers: tenants and visitors

We have two types of customers at our shopping centers: retailers, Klépierre's direct customers, and the visitors who come to our shopping centers, our retailers' customers.

Examples of our dealings with them can be found in the various Group communications materials (registration document, website, etc.).

Moving forward together with our tenants to improve the environmental and societal performance of our centers

In terms of environmental and societal issues, the steps taken by the Group are broadly shared with them. Thus, in the energy sphere for example, in order to understand the energy requirements of a shopping center as a whole it is necessary to understand the interaction between usage in common areas and private areas (in terms of thermal exchange, heating and climate control requirements in particular). We have access to full energy usage data for our tenants in 38 shopping centers (see "Energy performance" section for further details).

Likewise, most of the waste generated in the shopping centers stems from the activities of the retailers operating there and we monitor this data across our entire property portfolio.

This contact is increasing every year. It is built around communication and heightened awareness, as part of a win-win approach. Reducing energy usage in the common areas of shopping centers and improving waste sorting have, for example, a definite impact on the charges invoiced to our tenants.

In 2016 a second successful Retailer Day was held that brought together 200 representatives from 120 brands at the Group's head office. Klépierre's teams were available to answer questions from the brands and to present the latest news, particularly on the opening of the Prado and the new Let's Play marketing campaign. The retailers were therefore able to make the most of this special occasion to discuss their projects and development opportunities.

Innovative collaboration in Turkey

In 2016, the Turkish operational teams developed highly precise energy benchmark tools to compare consumption of tenants in the centers. These tools present the total average consumption of each shop (related to their surface area) and the average consumption of each sub-sector of the shopping center they belong to. Then, Country management asked the facility manager of the centers to analyze differences in consumption between each shop of a sub-sector and the variations between each subsector. The results and analysis will be communicated soon to each tenant and a dedicated meeting will be organized on every shopping center to decide in a collaborative way actions to be implemented and solutions to be developed to improve the overall energy efficiency of the centers.

Formal communications channels have been established with retailers in over 87% of the property portfolio in value. Environmental and societal matters can thus be dealt with through special meetings (at 58% of the property portfolio) or dedicated communications, such as at Gulsbogen in Norway and Villa Arena in the Netherlands where energy profiles are reviewed and commented upon and sent out to all tenants. Waste-related measures involve improved long-term communication on available sorting solutions and the circuit from the units occupied by the retailers to the various collection points. Specialized equipment (particularly food and organic waste) may also be provided in order to ensure that everyone contributes to the recycling and recovery targets.

Measuring visitor satisfaction

Klépierre would like to offer each customer a shopping center experience that is suited to his or her needs. Convenience, accessibility, retail mix, friendliness and safety are key concepts in meeting the expectations of a public whose expectations are constantly evolving.

Customer satisfaction is a key factor in measuring the attractiveness of a shopping center and customer satisfaction surveys are thus indispensable tools for ensuring that the appropriate measures have been taken to meet the expectations of our visitors.

At least one satisfaction survey has been carried out at 64% of shopping centers in value over the past two years.

Nearly 33,170 customers were thus surveyed across Europe in 2016.

Visitor satisfaction surveys

2016 current basis (100% coverage): 135 shopping centers and 3,856,870 sq.m

	France-Belgium	Italy	Scandinavia	Iberia	Central Europe & Turkey	The Netherlands	Germany	Group	Group coverage rate
Proportion in value of centers which have carried out at least one satisfaction survey during the last 24 months									
2015 & 2016	43%	65%	71%	100%	78%	100%	86%	64%	100%
Number of customers surveyed									
2014	25,298	3,500	6,480	5,615	800	N/A	N/A	41,693	100%
2015	9,015	4,965	7,902	12,419	3,600	1,866	0	39,767	100%
2016	3,338	5,417	3,000	9,976	5,232	2,886	3,321	33,170	100%

4.3.4 Local development

Developing transportation accessibility to our centers and encouraging green forms of transportation

The proximity and accessibility to modes of transportation at shopping centers are an integral part of Klépierre's strategy.

Location, urban density and transportation offerings are key criteria in selecting an investment. And we are also taking steps to increase and diversify the transportation solutions at existing centers.

41% of our visitors come to our centers on foot or by public transportation. This figure has risen since 2013 on a current scope basis. 24% of visitors use public transportation, reflecting the strategic repositioning undertaken over the past number of years toward more central and better connected assets as well as the ongoing efforts regarding transportation options.

Breakdown of visits by transportation method

2016 current basis (98% coverage): 142 shopping centers and 4,053,783 sq.m
EPRA: 64

		France-Belgium	Italy	Scandinavia	Iberia	Central Europe & Turkey	The Netherlands	Germany	Group	Group coverage rate
Motorized transport	2014	59%	87%	61%	69%	35%	N/A	N/A	59%	93%
	2015	57%	90%	53%	64%	40%	21%	35%	59%	92%
	2016	58%	91%	46%	62%	43%	22%	36%	59%	98%
Public transport	2014	20%	6%	21%	11%	45%	N/A	N/A	22%	93%
	2015	21%	6%	26%	20%	42%	48%	47%	24%	92%
	2016	21%	5%	31%	21%	39%	46%	45%	24%	98%
Green transport	2014	21%	7%	18%	20%	20%	N/A	N/A	19%	93%
	2015	22%	4%	21%	16%	18%	32%	18%	17%	92%
	2016	22%	4%	24%	17%	17%	32%	19%	17%	98%

This desire to increase and diversify the transportation solutions available at our centers can be seen in the initial design stages, with very early contact with the public authorities, and continues throughout the operation of the building.

98% of our centers in value are accessible by public transport, with at least one stop located less than 500 meters from an entrance, with services at least every 20 minutes. All the sites developed, extended or renovated since 2012 are accessible by public transportation.

Other modes of transportation, namely green or alternative are also among the solutions considered. High-value added specialized facilities are put in place whenever our analysis of the catchment area reveals an opportunity.

95% of our centers in value are bike-friendly, and in particular all the Scandinavian, German and Dutch centers. In Utrecht, in the Netherlands, the world's largest indoor bike park with over 12,500 spaces is being built in tandem with the renovation of the Hoog Catharijne center. Similarly, charging stations for electric bikes and/or service areas for cyclists have become more common in Scandinavia.

Electric cars are also a major area of interest. 54% of our parking facilities are adapted for such vehicles and equipped with chargers for them, versus 28% in 2012. This number reflects highly varied maturity levels across countries. In Scandinavia and the Netherlands, where electric car usage has exploded, more than 97% of the centers are equipped. In the other regions, we are anticipating demand while monitoring the market at a strategic level together with the

main players, and play a leading role in the national charging station network at our largest assets. Several of our centers can also be accessed via electric car sharing programs, such as Autolib' in the Greater Paris area.

Finally, to facilitate the arrival of visitors in vehicles and to enable traffic to move more freely in our centers, parking lots are increasingly being equipped with guidance systems. Close to 69,284 spaces at end-2016 in Europe had such systems.

2016, a step towards electric

Klépierre partners with Blue Solutions, a Groupe Bolloré subsidiary, to equip its shopping centers with 100% electric utility vehicles.

22 vehicles were made available to safety and security personnel and will therefore provide logistical support in 18 Klépierre centers in France.

Manufactured in France, the Blue Utility is equipped with a globally unique technology, the LMP (Lithium Metal Polymer) battery, which allows it to travel 250 km without being recharged.

This agreement is part of Klépierre's GoodChoices® environmental and societal approach.

Public transportation and alternative solutions

2016 current basis (100% coverage): 135 shopping centers and 3,856,870 sq.m

	France-Belgium	Italy	Scandinavia	Iberia	Central Europe & Turkey	The Netherlands	Germany	Group	Group coverage rate
Proportion in value of centers accessible by public transportation									
2014	97%	96%	100%	100%	100%	N/A	N/A	98%	100%
2015	97%	86%	100%	100%	100%	100%	100%	97%	100%
2016	100%	86%	100%	100%	100%	100%	100%	98%	100%
Proportion in value of centers with spaces for cyclists									
2014	93%	98%	100%	79%	96%	N/A	N/A	95%	100%
2015	93%	88%	100%	67%	97%	100%	100%	92%	100%
2016	95%	88%	100%	90%	100%	100%	100%	95%	100%
Proportion in value of centers equipped with charging terminals for electric vehicles									
2014	24%	41%	85%	9%	40%	N/A	N/A	43%	100%
2015	33%	24%	99%	40%	32%	97%	25%	47%	100%
2016	47%	24%	99%	41%	37%	97%	27%	54%	100%

An important local economic contribution

Shopping centers are an integral part of urban planning and fully contribute to the growth of their local areas. With over several million visitors per year, shopping centers underpin the urban fabric and create new focal points. The economic and local impact can be directly felt daily at our centers. The Group aims to advance them in order to reaffirm its role as a major player in city life.

- Our shopping centers generate close to 74,000 jobs⁽¹⁾, mostly at the retailers which operate in its centers or at the service providers retained by the Group. The development of our shopping centers thus provides major job creation opportunities.
- The operating budgets of our shopping centers total around 300 million euros⁽²⁾. These funds are mostly redistributed locally to service providers at our centers responsible for cleaning, safety and security and maintenance.
- The Group also paid 72 million euros in local taxes in 2016 across all our sites in Europe, with nearly half in France.

A leading role in terms of local jobs

The Klépierre centers play a major role in terms of job creation throughout their life.

During the development of new assets, the teams foster close relations with recruitment agencies to promote local recruitment. Retailers located in the center are encouraged to hire employees locally through a number of programs developed with public authorities and/or local associations.

These relationships continue throughout the life of the center and may take different forms. Jobs fairs were, for example, held in 71 centers in 2016. Consideration is also given to the use of outsourcing and service providers. Most of the jobs created as a result of the purchase of services at our shopping centers are created locally (see “Responsible purchasing” section).

4.3.5 Acting for the community

As places for shopping, meeting and leisure, shopping centers are veritable public spaces. As such, they are naturally open to partners active in local life, which may thus benefit from the high number of visitors at our centers. The Group's centers all over Europe host a wide range of events organized and supported by social organizations.

Welcoming partners committed to local public life

92% of centers have thus hosted one or more of these philanthropy initiatives. Close to 1.6 million euros was allocated for such contributions in 2016.

In Germany for example, in 2016 the centers organized four blood donation events, they also worked with UNICEF and environmental schools.

Solidarity in Poland

Our centers in Poland deployed a large number of philanthropy initiatives in 2016.

These solidarity actions involved:

- the support of the population neighboring our shopping centers in their budgets (the centers housed accountants from the local tax offices to help people fill out their tax returns);
- health and preventive care for our customers (the health care foundations and centers provided free consultations and exams in the centers);
- cultural events (traditional Christmas market and drama competition in collaboration with some schools).

(1) Number of jobs estimated by extrapolating the employment intensity per sq.m by type of store.

Source: Panorama TradeDimensions, le guide 2014 de la distribution, September 2013.

(2) Excluding marketing budgets, taxes and management fees.

Proportion in value of centers having led at least one philanthropy partnership

2016 current basis (100% coverage): 135 shopping centers and 3,856,870 sq.m

	France-Belgium	Italy	Scandinavia	Iberia	Central Europe & Turkey	The Netherlands	Germany	Group	Group coverage rate
2014	87%	98%	94%	100%	100%	N/A	N/A	92%	
2015	97%	100%	82%	100%	100%	96%	100%	96%	100%
2016	92%	94%	100%	75%	98%	64%	100%	92%	

Amounts allocated to philanthropy initiatives by type of contribution

2016 current basis (100% coverage): 135 shopping centers and 3,856,870 sq.m

	France-Belgium	Italy	Scandinavia	Iberia	Central Europe & Turkey	The Netherlands	Germany	Group	Group coverage rate
Monetary gifts	137,190	318,775	175,501	8,350	19,757	0	9,490	669,063	
Contribution of employee time	129,321	32,192	5,551	4,790	1,483	4,813	19,439	197,589	
Gifts of products, supplies, use of company areas and premises	251,158	312,134	18,555	85,322	23,627	18,500	28,567	737,863	100%
TOTAL	517,670	663,102	199,606	98,461	44,867	23,313	57,496	1,604,515	

Philanthropic contributions in rent equivalent

2016 current basis (99.9% coverage): 132 shopping centers and 3,799,297 sq.m

	France-Belgium	Italy	Scandinavia	Iberia	Central Europe & Turkey	The Netherlands	Germany	Group	Group coverage rate
Total contribution	517,670	663,102	199,606	97,405	44,210	23,313	57,496	1,602,802	
Day rent equivalent	0.52	1.09	0.44	0.40	0.16	0.19	0.33	0.55	99.9%

Entrepreneurship

In 2016, Klépierre added a new dimension to its societal commitment and launched its digital innovation platform to detect the start-ups that will revolutionize future business.

"To face up to strategic challenges in future business, we strongly believe in the test and learn approach and in meeting with the start-ups that are accelerating our digital transformation and generating more value for the retailers in our shopping centers" said Jean-Marc Jestin, Chief Executive Officer of the Klépierre Group.

The first KlépierreID challenge "Let's play with mobile shoppers" was launched as part of the global event Viva Technology Paris with the aim of selecting the start-ups with the greatest potential, among the 5,000 participating start-ups.

The KlépierreID challenge has three objectives:

- to enrich and simplify the shopping experience with new physical-digital services in the Klépierre shopping centers;
- to collect, connect, and activate the data in the centers in order to create more value for Klépierre center retailers, while respecting the confidentiality desired by our customers;
- to activate the levers for developing the Drive to Store.

Klépierre teamed up with the well-known technology company, Microsoft, to select and support the winning start-ups in developing their solutions. The three start-up finalists benefit from:

- pilot tests in Klépierre centers. The Group facilitates meetings for them with major retail brands in Europe and provides them with a BtoB communication program;
- six months' personalized support through the Microsoft Azure Accelerator program dedicated to mobile and cloud projects. A Microsoft France representative, technical resources, technical and business coaching are made available to them.

The winning start-up in the challenge also received 20,000 euros.

Alcméon, Mapwize and Stimshop are the three start-ups that won the "Let's play with mobile shoppers" challenge.

The jury in this first-ever challenge included the Klépierre Operations Department, as well as Anthony Virapin, Startup Go-To-Market Lead – Microsoft France, Sébastien Imbert, Chief Digital Marketing Officer – Microsoft France, Jérôme Léger, Vice-Chairman of the Mobile Marketing Association France and Frédéric Roy, Editor-in-Chief of CB News magazine.

The program will be renewed in 2017.

The Palladio Foundation

In 2016, with the support of Klépierre, the foundation organized the Institut Palladio des Hautes Etudes sur l'Immobilier et la Cité's fifth annual cycle on the theme of "The city of tomorrow in the era of societal responsibility" and jointly organized the conferences and a property trades forum. It also awarded 16 student grants and supported the work of Palladio post-doctoral scholarship students presented through the fifth Property and City Construction Research colloquium.

Klépierre was particularly involved in:

- the Governance (Board of Directors) of the Palladio Foundation;
- the Palladio Avenir Center: Klépierre took a stand at the Property Trades Forum and was involved in governance of the trades study;
- the Palladio Institute: Klépierre was a member of the Auditors, College for the 2016 cycle and spoke during the annual colloquium.

4.4 Employees, one of Klépierre's main assets

The Group's HR policy is thought out and implemented with the main aim of offering the best working experience to employees, thereby encouraging their commitment and their performance.

4.4.1 A dynamic organization

An organization that adapts to the changing challenges facing the Group.

Over the last two years, the share of the workforce under open-ended contracts has remained unchanged at 97% thereby showing the company's desire to offer a long-term relationship to its employees.

The open-ended contract workforce turnover was 13.5% in 2016 due to, among other things, the increase in new hires and higher turnover in France, Turkey and the Netherlands. A decline in the number of departures (303 in 2016, 427 in 2015) and particularly a decline in voluntary departures (102 resignations in 2016 compared to 133 in 2015) should be noted.

The 2016 new hires were among other things in the marketing, digital, technical businesses in direct relationship with the new challenges faced by the Group and the strengthening of the levels of expertise, corollary to our operational excellence policy.

Management system and cross-functional tools that help drive our HR strategy

To support the adaptation of our organization, the HR policy is reinforced through the deployment of Group tools. Accordingly, the systems in place for performance reviews, training, mobility and reporting were supplemented in 2016 by the deployment of a tool for the distribution of Group recruitment offers on the career pages of the Klépierre website, on job boards and on social networks.

This complete environment contributes to a uniform Group HR policy, led by local HR teams, whose expertise level is growing, thereby enabling a fine control of indicators and proactive talent management.

Breakdown of workforce by type of employment contract

	2016		2015	
Open-ended contract	1,257	97%	1,345	97%
Fixed-term contract	45	3%	44	3%
TOTAL	1,302	100%	1,389	100%

Distribution of total workforce by region

	2016	2015
France-Belgium	39%	37%
Italy	14%	14%
Scandinavia	12%	14%
The Netherlands	5%	5%
Iberia	10%	9%
Germany	5%	5%
Central Europe and Turkey	15%	16%
GROUP	100%	100%

Breakdown of workforce by work duration

	2016		2015	
Full time	1,187	91%	1,292	93%
Part time	115	9%	97	7%
TOTAL	1,302	100%	1,389	100%

Turnover rate by region

	2016	2015
France-Belgium	12.3%	10.7%
Italy	3.7%	3.8%
Scandinavia	14.6%	13.6%
The Netherlands	22.4%	21.0%
Iberia	15.2%	15.8%
Germany	10.8%	30.5%
Central Europe and Turkey	21.4%	13.6%
Group	13.5%	12.6%

Note: the turnover rate is calculated as follows: ((total number of new hires on open-ended contracts + total number of departures of employees on open-ended contracts excluding retirement and transfers)/2) divided by the workforce – open-ended contract – as of 12/31/Y-1.

Breakdown of departures by reason

	2016	2015
Resignations	102	133
Lay-offs	39	59
Negotiated departures	57	53
Retirement	13	13
End of fixed-term contracts	51	50
Other reasons	41	119
GROUP	303	427

Note: departures for "other reasons" include contract transfers, end of expatriation, end of trial periods and fatalities.

4.4.2 Ensuring a working environment that guarantees the health, safety and well-being conditions of our employees at work

Ensuring a high-quality working environment constructed for the employees in a way that favors their commitment and individual and group performance.

Holding high-quality social dialogue

In 2016, social dialogue with the personnel representatives was consolidated, allowing for constructive discussions on the stages of the company's life or on particular topics such as the working environment, which in Scandinavia is dealt with by a dedicated commission.

Proportion of employees covered by a collective bargaining agreement

	2016	2015
Group	69.2%	67.2%

In practice, in France, social dialogue gave rise to the negotiation of four collective bargaining agreements in 2016:

- amendment to the profit-sharing collective bargaining agreement;
- amendment to the corporate agreement;
- amendment to the company's collective bargaining agreement on the establishment of a Group pension savings plan (PERCO);
- an employee incentive plan linked to Klépierre Management results.

At the same time, other agreements remain in place:

- 2009 Company-wide agreement establishing the framework for labor relations (Contract, working time organization, compensation, etc.);
- agreement on working time reduction;
- agreement on Sunday work and the implementation of special measures for disabled workers;
- profit-sharing agreement;
- collective bargaining agreement on the employee health care plan that is monitored annually with employee representatives;
- collective bargaining agreement on the benefit plans (incapacity, disability and death benefits);
- collective bargaining agreement on the generation contract;
- agreement on the forward planning of jobs and skills;
- collective bargaining agreement on the establishment of an employee savings plan (PEE);
- collective bargaining agreement on the establishment of a Group pension savings plan (PERCO);
- agreement on the harmonization of Klépierre Management/Corio France collective statuses following the merger.

Lastly, the agreement relating to gender equality was renegotiated in February 2017 with the aim to improve diversity at every level of the Company.

All employees in France can access these agreements from a dedicated page on the HR intranet.

In each country in which it operates, Klépierre complies with the legal requirements in matters of freedom of association and collective bargaining in order to maintain a constructive dialogue with all employees.

Promoting individual commitment of employees by facilitating discussions

As the individual commitment of each employee is critical to the Group's overall performance, at the start of 2016, several months after the merger with the Corio teams, Klépierre launched an internal survey called "You&Klépierre," to which all Group employees were invited to respond. The participation rate was 74%.

The results of this survey were provided to the Executive Board as well as to country managers, and then to employees. 78% of the teams therefore participated in the survey and were able to express themselves on the areas for improvement. Actions have already been undertaken in the countries (communication, training, etc.).

The action plan at Group level, presented in the Group Management Team concentrates in part on the improvement of internal communication channels at Group level, as well as on an audit of processes and reporting in order to simplify and provide fluidity to discussions and therefore accelerate the talent management policy.

The monitoring of these actions is managed by the Group Human Resources Department, with the country subsidiaries, which then reports to the Executive Board.

Social dialogue has intensified since 2017 through meetings between employees from across all countries and the Group's Management thereby making it easier for them to exchange opinions and share their vision and strategy.

Focus on occupational health and safety and on well-being at work

Offering our employees working conditions that respect their health and well-being is an integral part of the Group HR policy. In this sense, the actions are led by the HR Departments of the countries or by the technical managers. As a responsible employee, the main focus of attention is on the mental health of our employees, working conditions, workplace accidents and absenteeism, and well-being at work.

Klépierre leads this policy through its relationship with employee representatives, as in France via six occupational Health and Safety Committee (CHSCT) meetings in 2016, or in Scandinavia, and by quarterly monitoring of the key indicators active local and Group level. In addition, internal or external audits of working conditions are carried out regularly in most countries, making it possible to assess the risks and where necessary take corrective measures. 76% of our employees work in environmentally certified premises, which is directly related to the Group's shopping centers' certification initiative and to the quality-based selection of head office locations for each of the Group's subsidiaries.

"Pilot" actions have been undertaken in certain countries and, according to needs, will be shared eventually via the policy led by the Group HR Department. Therefore, in order to promote employees' health and well-being and to facilitate life in the company, yoga classes were set up in the fourth quarter of 2016 for employees in the Paris head office. The impact of this initiative will be monitored over time, particularly through rates of absenteeism.

To prevent psycho-social risks, and to allow employees to work in a relaxed state of mind, an anonymous and free external psychological helpline was set up in France and in Turkey, making it accessible to 42% of Group employees. An analysis of this practice will be undertaken in order to share the experience with the Group. In France, this assistance was undertaken with AXIS MUNDI, an expert company that was also responsible for the psycho-social awareness raising sessions for members of the HR Department and for employee representatives. This training was extended to all employees in 2017.

Consolidation of a Group managerial culture

Convinced that employee well-being and motivation at work is dependent on a high-quality managerial relationship, since 2015 and at the initiative of Klépierre University, the in-house training school, the Group has undertaken with its managers to build a culture that takes into account team recognition, fluidity of discussions, direction of work, etc. At the end of 2016, 10% of target managers had attended this four-day training. The roll-out of this training will continue in 2017 and 2018. The target set is to train the top 100 managers in 2017 and then to extend it to the entire managerial population.

Rate and types of workplace accidents, occupational illnesses, proportion of working days lost and total number of workplace deaths

	2016	2015
Total number of workplace accidents	5	10
Workplace accidents resulting in time off work	1	4
Workplace accidents resulting in death	0	0
Days off work due to workplace accidents	13	99
Frequency rate of workplace accidents	0.44	1.42
Severity rate of workplace accidents	0.01	0.04
Occupational illnesses reported	1	0

Note: for workplace accidents, accidents on the way to/from work are excluded. The frequency rate of workplace accidents is the number of workplace accidents resulting in time off work per million hours worked.

The following formula is used: (number of accidents resulting in time off work x 1,000,000)/(235 x 7.8 hours x annual average workforce).

The severity rate of workplace accidents is the number of days lost through time off work due to workplace accidents per thousand hours worked. The following formula is used: (number of days off work following a workplace accident x 1,000)/(235 x 7.8 hours x annual average workforce).

Declining absenteeism

	2016	2015
Group	2.0%	2.5%

Rate of absenteeism by region

	2016	2015
France-Belgium	2.4%	2.4%
Italy	1.3%	1.3%
Scandinavia	1.3%	2.0%
The Netherlands	2.7%	7.8%
Iberia	2.3%	0.3%
Germany	4.1%	3.4%
Central Europe and Turkey	1.2%	1.9%
Group	2.0%	2.5%

Note: the absenteeism rate is calculated as follows: total number of days off work due to illness and workplace accidents, divided by the average monthly workforce, in turn multiplied by 366. Long-term illnesses similar to a suspension of the employment contract are excluded.

Short-term absenteeism (< 7 days)

2016	Short-term absenteeism rate	Average number of days lost per employee
France-Belgium	0.4%	1.3
Italy	0.8%	3.0
Scandinavia	0.4%	1.4
The Netherlands	0.8%	3.1
Iberia	0.1%	0.2
Germany	0.6%	2.0
Central Europe and Turkey	0.6%	2.1
Group	0.5%	1.7

2015	Short-term absenteeism rate	Average number of days lost per employee
France-Belgium	0.3%	1.3
Italy	0.7%	2.8
Scandinavia	0.4%	0.2
The Netherlands	0.7%	2.5
Iberia	0.1%	0.03
Germany	0.6%	2.5
Central Europe and Turkey	0.8%	0.5
Group	0.5%	1.9

In place since 2014, the indicator monitoring short-term absenteeism (sick leave of less than seven days) represents a further tool with which to measure the social climate. This rate remained unchanged in 2016.

Compensation

Average gross annual salaries by region

(in euro)	2016	2015
France-Belgium	55,799	55,831
Italy	43,492	42,919
Scandinavia	79,351	77,880
The Netherlands	74,917	77,259
Iberia	42,784	42,437
Germany	53,688	54,176
Central Europe and Turkey	27,409	24,739

2015 salaries were updated based on the 2016 exchange rates.

4.4.3 Promoting employee excellence and maintaining a passion for the job

Becoming an employer of choice on the market

Klépierre benefits from the advantages of being an international listed real estate company, while maintaining a reasonable human size and a flexible and efficient structure. In this context, the new talent hired have the opportunity to develop on their varied career paths in an international environment, with the help of the dedicated training on offer.

Number of new hires

	2016	2015
Group	216	185

Breakdown of new hires (all contract types) by region

	2016	2015
France-Belgium	75	61
Italy	6	4
Scandinavia	30	36
The Netherlands	27	12
Iberia	23	18
Germany	5	19
Central Europe and Turkey	50	35
GROUP	216	185

The Group continues to favor permanent employment. 75% of new hires in 2016 were thus offered open-ended contracts, including 25% transferred from short-term contracts (fixed-term, temporary or external).

Backed by the Group's international presence and ambition for operational excellence, the Klépierre employer brand is getting stronger, thus making it easier to attract new talent. Accordingly, the number of direct new hires has increased. With a more marked presence in school forums, dedicated job boards, the number of trainees and interns involved in International Internship programs (V.I.E) rose to 65 in 2016. 50% have joined the Group in 2016 on a permanent basis.

Acknowledging and optimizing individual performance as part of continuing professional development

Performance reviews remain a key component of Klépierre's Human Resource development policy, which takes the form of an annual interview between the employee and the employee's manager. The interview represents a key moment in the employee-manager relationship and provides an opportunity to look back on the top achievements over the past year, identify priorities, professional development targets and training needs.

The skills and performance review system helps to identify top talent, functional and geographical mobility requests at the Group level, and situations requiring special monitoring.

To encourage employee growth through specific feedback, a catalogue of behavioral skills used as a tool for continuous improvement was launched in 2015 and revamped in 2016 thus creating a common language within the Group and promoting the mobility paths.

Driven by a desire to improve HR practices, an analysis of the 2015 performance reviews was conducted to provide guidance for managerial practices and target the training required to conduct the interviews.

Identifying high-potential employees who will be tomorrow's managers

A pilot project was carried out in France in 2016 to identify high-potential employees among the Top Management population with the ambition to extend this "Talent Review" to include a broader scope in France and to be implemented in all the subsidiaries.

This process is intended to gradually cover an increasingly broader sample of the Group population in order to identify employees who have the ability and determination to grow in order to retain them and better support their growth.

This central approach has a positive effect on the principal HR processes such as training, career management, compensation and preparing the key role succession plans.

Supporting employee development

The training provided by Klépierre University, the Group's business school, remains a priority for promoting functional and geographic mobility of the teams. The investment made by the Group has made it possible to raise the rate of access to training to 82 %, a sharp increase compared to 2015 (71%).

Rate of access to training

	2016	2015
Group	82%	71%

Access to training by gender

	2016			2015		
	Men	Women	Total	Men	Women	Total
Total number of training hours	14,101	15,940	30,041	11,043	12,439	23,482
Average hours of training per trained employee	29	27	28	26	22	24
Average hours of training per employee	25	21	23	18	15	17
Rate of access to training	87%	77%	82%	70%	71%	71%

Average hours of training per trained employee by management level

	2016	2015
Executive management	20	12
Top management	29	29
Middle management	28	33
First line management	29	28
Non management	27	20
Average	28	24

Klépierre University, the training advantage serving individual skills and collective performance

Convinced of the impact of the training on individual and collective performance, the Group supports the development of all its employees through the Klépierre University, the in-house training school.

Klépierre University contributes to the promotion of diversity in the Group and the acceleration of an international culture. In addition to the training, Klépierre University is a place for sharing good practice and know-how, for discussions between employees, facilitating human relationships and cooperation between teams.

The training is accessible in person or online, via the online training platform #KUP, open to more than 70% of employees. New content is developed or revised in order to provide the teams with innovative operational training content in line with the Group's operational challenges.

Training received by employees, at an average of 23 hours per person in 2016, supports both personal development and business skills. In addition in 2016, nearly 5,400 hours of English-language classes were given, promoting the multicultural aspect of the Company and opportunities for mobility.

Finally, the University has also been involved in a lasting manner in the integration process. In relation to this, it has supported the deployment of business line discussion groups potentially leading to discussion and innovation workshops concerning operational practices. Moreover, Klépierre University organizes the integration of interns through half-day Group business discovery and immersion events within a center.

Mobility as a means of spreading the Group culture

This aspect of Klépierre's HR policy is an absolutely fundamental part of the Group's policy to retain talent. As a continuation of the hiring of young high-potential talent, Klépierre in fact aims to offer them the possibility to grow within an international multi-business organization by developing strong expertise, assuming responsibility and asserting their leadership by managing cross-company projects and strengthening, among other things, their ability to adapt to different cultures. Offering talent the opportunity to face multiple professional experiences, enabling them to expand both their hard and soft skills, is a favored path towards the highest level of responsibilities within the Group such as those of a subsidiary.

Internal mobility

	2016	2015
Number of employees benefiting from mobility	85	91
% of permanent workforce	7%	7%

4.4.4 Diversity, a source of wealth that drives performance

The Group, present in 16 countries and their major cities, includes diversity on a daily basis as a key element in understanding its environment and its customers.

For Klépierre, Diversity is expressed through equal gender representation, the coexistence of generations, nationalities, etc. To enable the Group and each employee to benefit from this source of wealth, a more intense social dialogue policy has been implemented (surveys, meetings with Management). This approach supplements the daily initiatives put in place by Klépierre University through multi-business and multi-country training events furthering personal and Group betterment.

In addition, an initiative to encourage equal gender representation was started in 2016 by the Group HR Department. This initiative, which links women employees in a Core Team, aims to promote and encourage the emergence of female talent within the Company's management structure and particularly by monitoring the vigilance points in terms of recruitment in some of the Group's key business lines, promotion, pay equality and access to training. The launch of a full program is planned for 2017.

Proportion of women within the Group

	2016	2015
Management	36%	35%
Non management	71%	71%
Group	59%	56%

Proportion of women by management level

	2016	2015
Executive management	9%	10%
Top management	29%	28%
Middle management	28%	31%
First line management	40%	37%
Non management	71%	71%
Group	59%	58%

Ratio of average salary (women to men) by management level

	2016	2015
Executive management	1.0	0.9
Top management	0.9	0.7
Middle management	0.8	0.9
First line management	0.9	0.9
Non management	0.8	0.9

Gender equality in terms of career advancement and pay represents a major human resource management challenge, both at management and business line level. Worldwide, the share of women managers rose slightly to 36%. Pay equality, access to training and to promotion indicators which are monitored on a yearly basis by the Group's HR Department were unchanged from 2016. It should be emphasized that for a second year in a row, in France, no situation has required any gender pay gap catch-up measures, on a like-for-like role and responsibilities basis.

Breakdown of workforce by age bracket

	2016	2015
< 30 years of age	9%	9%
30-39 years of age	37%	39%
40-49 years of age	34%	33%
≥ 50 years of age	20%	19%

The intergenerational balance has remained unchanged within the Group. Klépierre University is actively involved in it through trainings that are conducive to better communication among employees of different ages.

Workers with disabilities as a proportion of the total workforce

	2016	2015
Number of disabled workers	15	24
% of total workforce	1.3%	1.7%

Note: this indicator does not cover Norway and Sweden.

4.5 Methodology, Concordance table and verification by independent third party

4.5.1 Methodological note

Rate of coverage and distribution of themes by scope

The environmental, societal and social management system is used to quantify and identify the main environmental, societal and social impacts of the Klépierre Group and its activities.

The fundamental principles underlying this reporting are:

- relevance: the biggest sources of environmental and societal impact for each theme are taken into account;
- representativeness: the selected indicators are representative of the Group's sites and activities;
- consistency: guarantees that the data comparison by region or year by year is pertinent;
- transparency: the assumptions made and the calculation methods used are clearly defined;
- accuracy and reliability: records are kept at site levels and at the various consolidation levels to ensure data traceability.

Rate of coverage and distribution of themes by scope

	Klépierre		Shopping centers "Asset portfolio"		Shopping centers "Managed portfolio"	
	Value ⁽¹⁾	% Klépierre property portfolio	Value ⁽¹⁾	% Klépierre property portfolio	Value ⁽¹⁾	% "Asset Portfolio" property portfolio
2014	13,821	100%	12,801	92.6%	11,982	93.6%
2015	22,127	100%	21,184	95.7%	18,934	89.4%
2016	22,817	100%	22,133	95.9%	20,664	94.4%
<div> <div> Management, Strategy Governance <div> Talents Ethics Diversity Working conditions Human rights </div> </div> <div> Asset performance <div> Certifications Risks Security </div> </div> <div> Operational excellence <div> Energy Water Waste Biodiversity Customers & tenants Procurement Transports Philanthropy Climate change Sanitary quality Natural resources Local development </div> </div> </div>						





(1) Value in millions of euros.

Methodological note for environmental and societal indicators

The environmental and societal management system takes into account the recommendations made in the three leading industry frameworks at international, European and national level, namely:

- Global Reporting Initiative Construction and Real Estate Sector Supplement (GRI 4 and GRI CRESS);
- European Public Real Estate Association (EPRA), Best Practices Recommendations on Sustainability Reporting;
- French Council of Shopping Centers (CNCC) – Industry CSR reporting guide.

Detail on units of measurement for the main environmental indicators

	 Energy	 Climate change	 Water	 Waste
Common areas and shared equipment				
Absolute value	MWh of final energy	tCO ₂ e		
	Common areas and heating and air conditioning shared equipment			
Intensity by area	kWh/sq.m	kgCO ₂ e/sq.m		
	sq.m common areas + sq.m rentable floor area served by heating and air conditioning shared equipment			
Intensity of use	kWh/visit	kgCO ₂ e/visit		
	Number of visits from the automatic counter systems at the doors			
Whole building				
Absolute value	MWh of final energy	tCO ₂ e	m ³	metric tons
	Common areas and shared equipment + tenant areas			
Intensity by area	kWh/sq.m	kgCO ₂ e/sq.m	m ³ /sq.m	
	sq.m common areas + sq.m occupied rentable floor area			
Intensity of use	kWh/visit	kgCO ₂ e/visit	l/visit	
	Number of visits from the automatic counter systems at the doors			

Definition of scopes – two scopes have been defined

“Assets Portfolio” scope

The scope covers the shopping centers over 25% owned by the Group at December 31, 2016 (thus excluding the offices, retail premises and various retail facilities specified in the Group's registration document).

The “Assets Portfolio” scope accounted for 95.9% of the Group's property portfolio at December 31, 2016.

“Managed Portfolio” scope

This scope is specific for the shopping center industry, for operational feasibility reasons. It is a selection from the “Assets Portfolio” scope. It covers the centers in the “Assets Portfolio” scope that the Group managed over the entire reporting period. This scope extends to assets for which a third party managed the property if the following conditions are met: a single third party managed the asset for the entire reporting period, the reporting manual has been deployed, controls and audits of the reported data have been conducted with

the same level of accuracy than on the assets managed by the Group. If a shopping center has been acquired by the Group and is managed by it, it is included in the scope from the first full year. Real estate development projects are not included in the reporting during development and/or construction, until they are completed and only from the first full year.

The technical details can vary slightly within the «Managed Portfolio» scope. Depending on the situation, Klépierre may have full management of the electricity, but be charged by a third party (hypermarket, etc.) for its fuel usage. The collection of waste may also be done by a third party such as a local authority on the basis of a subscription, etc. Situations can vary greatly, and may therefore prevent the collection of reliable quantitative data. These methodological choices are guided by the will to communicate on reliable data. Centers for which Klépierre does not have exhaustive data on energy, waste or water are excluded from the reporting. This explains the difference in coverage rate between indicators.

The “Managed Portfolio” scope accounted for 94.4% of the “Assets Portfolio” scope at December 31, 2016.

Management of the changes in scope

Acquisitions, disposals and developments (extensions and/or developments) may change the reporting scope and influence the analysis of changes in indicators.

A distinction between “current scope” and “like-for-like basis” applies across the Board to the indicators in the “Managed Portfolio” scope.

Current scope

The current scope is used to assess the CSR impact of the property portfolio over one year. It shows the effects of management, renovation and arbitrage (sales and acquisitions) policies.

It includes all shopping centers at least 25%-owned by the Group at 12/31/Y, including those which were subject to renovation or extensions during the reporting period, regardless of the GLA created.

Like-for-like basis

The like-for-like basis is used to assess changes in performance across a like-for-like identical scope over time. It reflects the Group's ability to manage and optimize its asset portfolio.

It includes all owned and managed assets for a period of at least 24 months. It excludes shopping centers acquired or completed as well as those that were not managed for the entire period. Centers that are subject to an extension that adds 20% or more GLA are excluded from the scope.

The pro forma like-for-like basis includes new assets from the Corio operation as though the acquisition was completed on January 1, 2013.

Reporting periods and estimates

The major factor to be taken into account is that two different reporting periods are used depending on the indicator. This difference is caused by the Group's desire to minimize the use of estimates and to make it possible to collect and consolidate real data.

Some of the usage data for energy, water and waste production is input on the basis of bills received with a certain time lag. In order to reflect actual consumption, the Group decided to use a one-year rolling period for the indicators built on the basis of this data.

For all indicators related to Energy, Waste, Climate Change, Water and one Transportation indicator (proportion of visits by mode of transportation), the reporting period is from 10/1/Y to 9/30/Y-1. The specific scope for these indicators is therefore adjusted to exclude shopping centers which were not owned or managed between 10/1/Y and 12/31/Y.

For water usage, the meter reading can be done some time before or after the dates defined in the protocol. The dates which are closest to the start and the end of the reporting period will be used. If needed, the data will be adjusted to 365 days through extrapolation.

Coverage rate

The coverage rate gives an indication of the comprehensiveness of reported data. The coverage rate is expressed as a % of the total value of shopping centers included in the reporting scope.

Definitions and clarifications

Energy efficiency and greenhouse gas emissions of the common areas and shared equipment for heating and air conditioning: the energy intensity indicators expressed in kWh/sq.m and kWh/visit measure exclusively the heating and air conditioning consumptions of the common areas. They do not measure the whole energy usage of the shopping center because of a lack of comprehensive knowledge on the private areas consumption of the tenants.

With respect to urban heating networks, the energy generated by waste combustion and from the reuse of industrial heat is recognized as being 50% of renewable source.

Recovered waste: all waste incinerated is considered recovered to the extent that heat generated by incineration is mostly reclaimed as energy in Europe.

Intensity of energy and water usage of the whole shopping center: the floor areas used for calculation purposes are the combined common areas plus the combined GLA at December 31 of the reporting year.

Methodological note for social indicators

Period and reporting scope

For all social indicators, the monitoring period used is the period from January 1 to December 31 in year Y.

The scope for collecting the data and reporting covers all Group subsidiaries at December 31, 2016 in which employees have an employment contract with the Group.

Changes in scope are the result of acquiring new entities or disposing of existing entities. The employees of these entities are incorporated into or removed from the Klépierre reporting scope with effect from the month following the transaction date.


















Definitions and clarifications




Workforce: total number of employees at December 31, on open-ended and fixed-term contracts, regardless of the type of contract, number of hours worked and period of employment during the year.

Average workforce: average number of employees at the end of each month during the year.

Average gross wages: sum of contractual fixed annual salaries of employees at December 31, based on full-time employment and excluding variable compensation, divided by workforce at December 31, excluding members of the Executive Board.

4.5.2 Concordance Table

	Global Reporting Initiative – G4 Guidelines + Construction & Real Estate Sector	EPRA Best Practices Recommendations on Sustainability Reporting	Art. R. 225.104 and R. 225.105 of the French “Grenelle 2” law	French Council of Shopping Centers (CNCC) Industry guide on sustainability reporting	The Ten Principles of the United Nations Global Compact	Pages
4.1 AN AMBITIOUS STRATEGY AND AN INTEGRATED ORGANIZATION						
Strategy and materiality	SO2 - EC8 - 18 to 21 - 24 to 27		3.A – 3.B	7 - 8 - p.38	Principles 7 and 8	162 to 164 - 170 to 171
Organization	15 à 16 - 34 to 36 - 42 to 48		3.B		Principles 1; 6; 7; 8; 9 and 10	164 to 166
4.2 OPERATIONAL AND SUSTAINABLE EXCELLENCE AT THE HEART OF OUR STRATEGY						
 Certifications	CRE8	Cert-Tot	2.A	1	Principle 8	167 - 173
 Energy	EN3 - EN4 - EN5 - EN6 - EN7 - EN27 - CRE1	Elect-Abs - Elec-LfL DH&C Abs - DH&C LfL Fuels-Abs - Fuels LfL Energy-Int - 5.5	2.C - 3.B	2 - 3 - 9 - p.36	Principle 8	166 - 174 to 177
 Climate change	EC2 - EN15 - EN16 EN17 - EN18 EN19 - EN30 CRE3	GHG-Dir-Abs - GHG-Indir-Abs GHG-Dir-LfL - GHG-Indir-LfL GHG-Int - 6.5	2.D	4 - 5 - 6 - p.37	Principle 8	167 - 177 to 181
 Waste	EN23 - EN25	Waste-Abs - Waste-LfL	2.B	p.35	Principles 8 and 9	167 - 182 to 183
 Water	EN8 - EN9 - EN22 - CRE2	Water-Abs - Water-LfL Water-Int	2.C	p.36	Principle 8	184 to 185
 Natural resources			2.C	p.36	Principles 8 and 9	185
 Biodiversity	EN11 - EN12		2.A - 2.E	12 - p.37	Principle 8	186 to 187
 Sanitary quality						
 Risks	14 - EN29 - PR1		2.A - 2.B	12 - p.34 - p.35	Principles 7 and 8	187 to 188
 Safety						
4.3 KLÉPIERRE, A COMPANY THAT IS COMMITTED THROUGHOUT ITS VALUE CHAIN						
 Human rights	56 to 58 - SO4 - SO5 - SO6 - LA16 - HR 5 - HR 6 - HR 9 - HR 12		1.G - 3.D - 3.E	11 - p.38	Principles 1; 2; 3; 4; 5; 6 and 10	188 to 189
 Ethics						
 Procurement	12 - EC8 - EC9 - EN32 - LA14 - HR 5 - HR 6 - HR10 - SO9		3.C	10	Principles 1; 2; 4; 5; 8 and 10	167 - 189 to 191
 Customers: tenants and visitors	PR5		3.B	8	Principle 7	192
 Transports		6.4	3.A	6		168 - 193 to 194
 Local development	EC8		3.A	7 - p.38	Principle 10	194
 Acting for the community			3.B	p.38	Principle 1	194 to 195

	Global Reporting Initiative – G4 Guidelines + Construction & Real Estate Sector	EPRA Best Practices Recommendations on Sustainability Reporting	Art. R. 225.104 and R. 225.105 of the French “Grenelle 2” law	French Council of Shopping Centers (CNCC) Industry guide on sustainability reporting	The Ten Principles of the United Nations Global Compact	Pages
4.4 EMPLOYEES, ONE OF KLÉPIERRE'S MAIN ASSETS						
A dynamic organization						196
 Working conditions	10 - 11 - LA1 - LA5 - LA6 - LA12 - HR4		1.A - 1.B - 1.C - 1.D		Principles 2; 3; 4; 5 and 6	197 to 198
 Talents	LA9 - LA10 - LA11		1.E		Principle 6	199 to 200
 Diversity	10 - LA12 - LA 13 - HR3		1.F - 1.G		Principles 1 and 6	200 to 201
OTHER INFORMATION						
Methodology	17 - 22 - 23 - 28 to 30	5.1 - 5.2 - 5.3				202 to 204
Assurance	33	5.4				207 to 208
Concordance Table	32					205 to 206

4.5.3 Report by one of the Statutory Auditors, appointed as independent third party, on the consolidated human resources, environmental and social information included in the management report

This is a free English translation of the Statutory Auditors' report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditor of Klépierre, (the "Company"), appointed as independent third party and certified by COFRAC under number 3-1048⁽¹⁾, we hereby report to you on the consolidated human resources, environmental and social information for the year ended December 31st, 2016 included in the management report (hereinafter named "CSR Information"), pursuant to article L. 225-102-1 of the French Commercial Code (Code de commerce).

Company's responsibility

The Executive Board is responsible for preparing a management report including the CSR Information required by article R.225-105-1 of the French Commercial Code in accordance with the protocols used by the Company (hereinafter the "Guidelines"), summarised in the section 4.5.1 of the management report and available on request from the company's head office.

Independence and quality control

Our independence is defined by regulatory texts, our profession's Code of Ethics and the requirements of article L. 822-11 of the French Commercial Code. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional standards and applicable legal and regulatory requirements.

Statutory Auditor's responsibility

On the basis of our work, our responsibility is to:

- attest that the required CSR Information is included in the management report or, in the event of non-disclosure of a part or all of the CSR Information, that an explanation is provided in accordance with the third paragraph of article R. 225-105 of the French Commercial Code (Attestation regarding the completeness of CSR Information);
- express a limited assurance conclusion that the CSR Information taken as a whole is, in all material respects, fairly presented in accordance with the Guidelines (Conclusion on the fairness of CSR Information).

Our work involved six persons and was conducted between December 2016 and March 2017 during a four-week period. We were assisted in our work by our sustainability experts.

We performed our work in accordance with the French professional standards and with the order dated 13 May 2013 defining the conditions under which the independent third party performs its engagement and with ISAE 3000⁽²⁾ concerning our conclusion on the fairness of CSR Information.

1. Attestation regarding the completeness of CSR Information

Nature and scope of our work

On the basis of interviews with the individuals in charge of the relevant departments, we obtained an understanding of the Company's sustainability strategy regarding human resources and environmental impacts of its activities and its social commitments and, where applicable, any actions or programmes arising from them.

We compared the CSR Information presented in the management report with the list provided in article R. 225-105-1 of the French Commercial Code.

For any consolidated information that is not disclosed, we verified that explanations were provided in accordance with article R. 225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Information covers the scope of consolidation, i.e., the Company, its subsidiaries as defined by article L. 233-1 and the controlled entities as defined by article L. 233-3 of the French Commercial Code, within the limitations set out in the methodological note, presented in 4.5.1 section of the management report.

Conclusion

Based on the work performed and given the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report.

2. Conclusion on the fairness of CSR Information

Nature and scope of our work

We conducted around fifteen interviews with approximately thirty persons responsible for preparing the CSR Information in the departments in charge of collecting the information and, where appropriate, responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and understandability, and taking into account industry best practices where appropriate;
- verify the implementation of data-collection, compilation, processing and control process to reach completeness and consistency of the CSR Information and obtain an understanding of the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and procedures based on the nature and importance of the CSR Information with respect to the characteristics of the Company, the human resources and environmental challenges of its activities, its sustainability strategy and industry best practices.

(1) Whose scope is available at www.cofrac.fr.

(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

Regarding the CSR Information that we considered to be the most important:

- at parent entity level, we referred to documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions), performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data. We also verified that the information was consistent and in agreement with the other information in the management report;
- at the level of a representative sample of entities selected by us on the basis of their activity, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify that procedures are properly applied and we performed tests of details, using sampling techniques, in order to verify the calculations and reconcile the data with the supporting documents. The selected sample represents on average 51% of headcount and between 8% and 19% of quantitative environmental data disclosed.

For the remaining consolidated CSR Information, we assessed its consistency based on our understanding of the company.

We also assessed the relevance of explanations provided for any information that was not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes we have used, based on our professional judgement, are sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures. Due to the use of sampling techniques and other limitations inherent to information and internal control systems, the risk of not detecting a material misstatement in the CSR information cannot be totally eliminated.

Conclusion

Based on the work performed, no material misstatement has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

Neuilly-sur-Seine, March 6th 2017

One of the Statutory Auditors,

Deloitte & Associés

Joël Assayah
Partner

Julien Rivals
Partner, Sustainability

(1) **Social indicators:** Total workforce; Breakdown of workforce by age bracket; New hires (all types of contracts); Breakdown of departures by reason; Turnover rate (Group); Average gross annual wages by region; Rate of absenteeism (Group); Total number of training hours; Average hours of training per employee; Proportion of women by management level.

Environmental and societal indicators: Waste sorted on site; Percentage of waste sent to recycling; Percentage of waste sent to recovery; Water consumption; Water intensity (in m³/sq.m and in l/visit); Energy consumption and Energy efficiency of common areas and shared equipment for heating and air conditioning (in kWh/sq.m and in kWh/visit); Proportion of energy from renewable sources; Greenhouse gas emissions from energy usage and the use of refrigerant gases (Scope 1 and 2) market based and location based; Carbon intensity from energy usage (in kgCO₂e/sq.m and in g/CO₂e/visit); Part in value of centers certified; Proportion of key service providers certified.

Qualitative information: Paragraph: "Management system and performance tools", "Local development", "Social dialogue", "Improving the environmental and social performance of our centers, in tandem with our tenants".

(2) **Selected entities for the social indicators:** France, Spain and the Netherlands.

Selected entities for the environmental indicators: nine shopping centers, in France (Marseille Grand Littoral, Montpellier Odysseum, Grenoble Grand Place), in Belgium (Louvain-la-Neuve L'Esplanade), in Denmark (Copenhagen Fields), in Sweden (Malmö Emporia), and in Spain (Madrid Plenilunio, Madrid Principe Pio, Vallecas La Gaviá).