

4

SUSTAINABLE DEVELOPMENT

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4.1 KLÉPIERRE'S CSR STRATEGY

4.1.1 Business environment

Klépierre's business model covers the development, management and operation of shopping centers located in prime urban locations covering 16 European markets.

With a portfolio consisting of largely dominant assets in dynamic urban centers, the Group delivers value for its stakeholders through its proactive approach to shopping center management; its commitment to developing strong partnerships with its customers; and its relentless focus on delivering compelling retail destinations.

The principle resources the Group relies upon to deliver its business model include the financial capital needed to fund its acquisition and development activities, a healthy retail sector, technology and innovation to anticipate consumer trends, infrastructure in the form of space and urban development and natural capital to power its assets.

The transformation of the retail sector is however putting these resources under pressure; challenging retailers and shopping center owners to adapt. On the one hand, e-commerce, the emergence of new consumption models and changing consumer expectations have forced retailers and shopping center owners to redefine the shopping experience and explore new distribution models. New investments in physical retail space are meanwhile concentrated on the most desirable locations that serve thriving catchment areas and offer flexible space.

At the same time, consumers are looking for a more personal experience that goes beyond just shopping. They are increasingly concerned about where their products come from, and how they are produced, as sustainability considerations influence their purchasing decisions. Within this context, features such as a compelling tenant mix featuring small and local retailers and attractive leisure facilities are vital to creating resilient assets where people can shop, relax and connect.

Lastly, investor sentiment is changing. The growth of sustainability benchmarks such as the Global Real Estate Sustainability Benchmark (GRESB) show a clear trajectory towards greater transparency driven largely by investor demand. Meanwhile, global issues such as climate change have challenged asset owners to develop resilient buildings that protect and enhance long-term values.

Klépierre's ability to thrive in this environment is underpinned by its relationships with its key stakeholders: the national and international brands that occupy its assets—many of whom represent the dominant retailers in their segment—the hundreds of millions of consumers who visit its shopping centers each year, its shareholders and investors, employees and local communities.

These relationships are enhanced by the integration of sustainability into the Group's core business activities led by the Act for Good® sustainability strategy. Launched in 2017, Act for Good® sets out Klépierre's strategy across three pillars that together reflect the Group's most material sustainability risks and opportunities and support its response to the transformation of the retail sector.

Klépierre's strategy and business model for value creation are presented in more detail in the chapter 1 of this registration document (see section 1.1).

4.1.2 Main non-financial risks and opportunities

The material social, environmental, human rights and anti-corruption related risks affecting Klépierre's business model and core activities are reviewed on an annual basis as part of the Group's overall risk assessment.

Some of these non-financial risks have been deemed sufficiently material to be added to the list of the most significant and specific risks for the Group; they include:

- > Climate Change;
- > Human Resources; and
- > Health, Safety and Security.

For more information on these risks, and the Group's risk management framework, see section 1.7.

The tables below present the other non-financial risks and opportunities.

► CSR TOPICS COMPRISING MAJOR RISKS

Risk	How Klépierre is mitigating the risk	Where to find out more
<p>Business ethics – Being involved in a case of corruption or money laundering could lead to reputational, judicial, financial or even operational risks such as the cessation of activity.</p>	<p>The Klépierre Code of Professional Conduct underscores the Group's commitment to ethical conduct in its business dealings. It sets out the ethical principles and corporate values to which the Group is committed, and informs all employees about what is expected of them, and what they are entitled to expect from Klépierre Group. The Code is reviewed and updated regularly, most recently in 2018 when its anti-corruption measures were strengthened with the publication of the Anti-Corruption Code of Conduct following the introduction of the Sapin II law in France.</p> <p>The Codes are communicated to all employees including new joiners and are annexed into the Group's internal regulations which provides a secure and anonymous reporting procedure.</p> <p>Risk-based training is delivered to employees most exposed to potential corruption and money laundering, and an evaluation procedure has been developed for third parties. Further compliance measures include an annual rotating audit of purchasing ethics and the communication of the Group's standards through the Responsible Procurement Charter (see Outsourcing and responsible purchasing below).</p> <p>Furthermore, under the Act for People pillar of its sustainability strategy, Klépierre has set a long-term ambition to promote ethics in its communities. Specifically, it has set a target to promote business ethics among 100% of employees and stakeholders.</p>	<p>Act for People, page 196</p>
<p>Customer health and safety – Klépierre's shopping centers are exposed to safety risks, principally building collapse and/or a fire, as well as failure to comply with safety measures or mandatory control procedures imposed by local or national governments.</p> <p>Safety risks could result in loss of business. They may also adversely affect the individual shopping center's image; and/or the reputation of Klépierre Group and incur additional costs of incident investigation and/or penalties.</p>	<p>The Group has defined and rolled out minimum operational requirements and annual audits and prevention plans prepared across an array of sites. These cover building aspects, technical aspects and human aspects that minimize risks by applying best practices and in some cases exceeding legal obligations.</p> <p>Appropriate controls and procedures mitigate safety risks, with compliance tested on an ongoing basis. Uniform incident classification and reporting systems are in place across Klépierre shopping centers to better monitor the risks associated with the safety and security of individuals and assets, thereby providing greater insight and understanding.</p>	<p>Act for People, page 186</p>
<p>Outsourcing and responsible purchasing – The majority of goods and services procured by the Group includes utilities (energy and water), general operations, cleaning, maintenance, safety and security. The performance of the Group's suppliers could have a reputational impact on Klépierre if the services procured were of a low quality or did not conform with regulations governing their use. Likewise, any instances of non-compliance with internationally accepted human rights through the activities of its supply chain could lead to reputational damage for the Group and damage its ability to attract new investors and employees.</p> <p>The Group's business continuity could also be impacted if it is over reliant on an individual supplier who subsequently enters a period of financial difficulty.</p>	<p>The Group's purchasing team ensures effective management of operational risks linked to purchasing and optimizing the Group's performance in this area. Its objectives are to streamline the purchasing process; secure, evaluate and monitor a specific pool of approved suppliers and improve operational margins.</p> <p>Close attention is paid to sustainability aspects and the team has progressively incorporated the Group's social and environmental commitments into contractual agreements, with emphasis on economic, environmental and social criteria. These are set out in Klépierre's Responsible Procurement Charter which establishes the standards the Group expects of its suppliers in relation to environmental and social aspects, including human rights. It requires a signature of formal commitment from all Klépierre's service providers</p> <p>Under the Act for People pillar of its sustainability strategy, the Group has set long-term commitments to ensure 100% of service suppliers abide by this Responsible Procurement Charter and are selected based on CSR criteria.</p>	<p>Act for Territories, page 183 Act for People, page 197</p>

► CSR TOPICS OFFERING THE GREATEST OPPORTUNITIES

Opportunity	How Klépierre is responding to the opportunity	Where to find out more
<p>Local economic development – Klépierre and its tenants are reliant on prosperous and resilient communities in the catchment areas surrounding the Group's assets. Klépierre can make a positive contribution to local economic development—and thereby boost footfall, tenant sales and community engagement—by providing employment opportunities, both directly through the operation of shopping centers, and indirectly through the activities of its tenants and suppliers.</p>	<p>Given that the majority of job opportunities are generated by the Group's retailers, the most significant role Klépierre can play is as a facilitator by supporting tenants to recruit locally, and working with local partners including recruitment agencies to organize initiatives that bring retailers and job seekers together.</p> <p>To this end, the Group has set long-term targets under the Act for Territories pillar of its sustainability strategy to ensure that 100% of service suppliers for the daily operations of our centers are “local”, and that 100% of centers facilitate local employment.</p>	<p>Act for Territories, page 179</p>
<p>Partnership with retailers – Klépierre's primary customers are the international and national brands that together constitute its strategic partners. By working together, Klépierre and its partners can significantly amplify the positive impact of their respective sustainability activities and contribute to shared goals. These include opportunities to reduce the environmental footprint of Group's assets, to supporting local economic development, boosting community engagement and philanthropic support.</p>	<p>Klépierre has committed to work with its retailers across all three pillars of its Act for Good strategy. The strategy challenges Klépierre and its partners to work together to deliver sustained and significant reductions with a focus on energy use, waste, local economic development and community engagement. For example, under Act for Territories, Klépierre has committed for all shopping centers to support an in-house solidarity event organized by a retailer. Klépierre has also committed to support the health and wellbeing of retailer's employees as part of its Act for People commitments.</p> <p>See also local economic development and circular economy for other examples of the Group's commitment to partnering with retailers on sustainability goals.</p>	<p>Act for the Planet, page 162 Act for Territories, page 179 Act for People, page 184</p>
<p>Dialog with stakeholders – The Group is reliant on positive relationships with its key stakeholders to deliver its business objectives. These stakeholders include the Group's retail partners, the consumers who visit its shopping centers each year, its shareholders and investors, employees and local communities. These relationships can be enhanced and enriched by the Act for Good strategy that aims to deliver value for the Group's stakeholders by integrating sustainability into the broader program of dialog.</p>	<p>The Group has embedded stakeholder engagement into its core business activities. Engagement with key stakeholders, specifically investors, employees, retailers, visitors and communities is embedded into the Group's Act for Good strategy and long-term commitments.</p> <p>For example, under Act for the Planet and Act for Territories, the Group has set long-term ambitions supported by short term commitments to increase visitor satisfaction and involve local stakeholders in designing new developments.</p> <p>These are supported by broader considerations that rely on effective dialog to achieve shared objectives. See also partnerships with retailers, local economic developments and the circular economy.</p>	<p>Act for the Planet, page 162 Act for Territories, page 179 Act for People, page 184</p>
<p>Renewable energy – Klépierre's portfolio consumes a significant amount of energy. Klépierre has a responsibility to reduce its climate change impact and positively differentiate its portfolio as a result of the use of zero-carbon energy sources.</p> <p>Not only does this help Klépierre curb its greenhouse gas emissions and reduce exposure to future legislative or tax risks, it also provides an indicator of the strength of the Group's operational management, and contributes significantly to the reputation of the Group among tenants, visitors and investors.</p>	<p>Under the Act for the Planet pillar of its sustainability strategy, Klépierre is targeting 100% renewable electricity supply for shopping centers' common parts energy consumption by 2022. Additionally, the Group has established a target for its five largest shopping centers to be “carbon positive” by 2022, and aims to have its climate change strategy certified by the Science-Based Targets (SBT) initiative.</p> <p>The risk of regulatory or tax changes is something Klépierre closely monitors through the industry bodies of which it is a member.</p>	<p>Act for the Planet, page 165</p>
<p>Circular economy – The refurbishment and expansion of shopping centers consumes natural resources and generates substantial volumes of waste.</p> <p>A circular economy model is one which decouples economic activity from the consumption of finite resources; designs out waste and pollution; keeps products and materials in use and regenerates natural systems. Besides reducing impacts on the environment, following a circular economy model can increase efficiency by extending the useful life of materials and resources, and can reduce costs.</p>	<p>To date, Klépierre has focused on limiting waste and controlling the consumption of natural resources in developments by applying the BREEAM certification standard and specifying products and materials that are durable, easy to maintain, low emission, recycled and reused, have an eco-label and/or a lower environmental impact. During the operations phase, the Group promotes effective waste management to ensure that it is disposed of properly.</p> <p>Going forwards, Klépierre will maintain these strategies whilst also seeking to establish circular economy approaches to managing the resources used for and within its assets. This includes long-term commitments under Act for the Planet to ensure that 100% of shopping centers' operational waste is diverted from landfill, and for all shopping centers to engage with retailers in a circular economy approach.</p>	<p>Act for the Planet, page 169</p>

4.1.3 Approach to CSR

4.1.3.1 Co-construction with stakeholders

The risks and opportunities identified above were influenced by the most recent materiality review that was conducted in 2017, the results of which also informed the development of the Group's Sustainability strategy. This involved a rigorous multi-stakeholder engagement exercise involving a panel of 20 internal and external stakeholders representing Klépierre's main stakeholders, including retailers, investors, human resources or CSR experts, scientists, NGOs and public authorities.

The panel assessed 38 pre-identified items based on their importance to Klépierre and ranked the top ten issues in terms of risks or opportunities for the Company. Following this assessment, the panel was asked to contribute to the definition of a new sustainability strategy that would achieve the following objectives:

- > Meet the expectations of Klépierre's stakeholders;
- > Ensure a positive correlation between sustainability activities and financial performance;
- > Focus on key impact areas; and
- > Reflect the Group's operating context and make it meaningful for employees.

Armed with this brief, the panel and Group representatives explored stakeholders' perceptions of the Group's sustainability activities and developed a framework strategy for consultation. Klépierre's Executive Board participated in these discussions and in the joint development of the Act for Good® strategy by sharing its vision and goals for Klépierre as well as by outlining its commitment to developing and rolling out the new strategy.

This collaboration made it possible to highlight four key themes for Klépierre, which became the major commitments underpinning Act for Good®: climate change, sustainable construction, health and wellbeing, and local value creation.

The draft new strategy was then discussed with all Country Directors, the representatives of the functions that are most directly affected as well as the internal CSR Committee, before being reviewed by the Sustainable Development Committee of the Klépierre Supervisory Board.

4.1.3.2 Sustainability strategy

With its focus on three pillars—Planet, People and Territories—Klépierre's Act for Good sustainability strategy supports the Group's vision by tackling the significant sustainability risks and opportunities facing the shopping center sector, while delivering value to the Company and enriching its relationships with its stakeholders.

ACT FOR GOOD® WITH KLÉPIERRE



ACT FOR THE PLANET

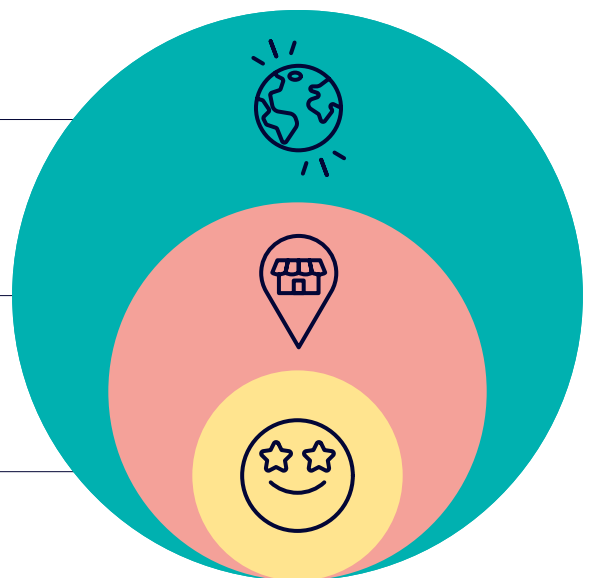
Developing a portfolio of shopping centers that generate environmental benefits

ACT FOR TERRITORIES

Designing and operating our centers as "local hubs" that stimulate value creation

ACT FOR PEOPLE

Empowering our communities in a sustainable way



Each of the three pillars is broken down into specific quantified commitments, with a five-year timeframe (2022), supplemented by medium-term goals (2030).

The strategy builds on Klépierre's achievements since it published its first sustainability strategy in 2013, predominantly in the environmental arena where the Group has historically been most active. While Klépierre continues to target improvements to the environmental performance of its assets, Act for Good® challenges it to work more closely with its customers to deliver sustained and significant reductions with a focus on energy use, water and waste, and sustain asset values by targeting green building certifications.

It also consolidates the Group's activities in two new areas: Territories and People. Act for Territories responds to consumer demand for more new experiences and a shared sense of space and community. The commitments under the Territories pillar challenge the Company to be more local and tap into consumer demand for sustainability. Lastly, Act for People sets broad targets covering the Group's relations with its employees, visitors, suppliers and business partners to build trust and transparency and to deliver a positive and productive working environment.

4.1.3.3 Act for the Planet

Act for the Planet brings together the major environmental issues that Klépierre faces in carrying out its business activities. The Group's positive contribution to environmental matters, which has been acknowledged for many years, has encouraged the Group to set its goals even higher. Over the last few years, Klépierre has achieved promising environmental results it can draw on to speed up environmental innovation and differentiation across its industry.

4.1.3.4 Act for Territories

Act for Territories shows the importance of the Group's local footprint, in the form of the shopping centers that it owns and manages in 16 countries. This pillar provides visibility and structure for the many local initiatives that already exist across Klépierre's portfolio to promote a unified response and encourage best practice. The "Act for Territories" pillar unifies and makes it possible to fit local actions into the bigger picture. This pillar builds upon employment, citizen engagement and the future of retail.

4.1.3.5 Act for People

Act for People is focused on visitors, customers, employees and Klépierre's clients' employees. This human focused pillar is directed at all the communities with which the Group interacts, with the aim of placing value creation for all at the center of its efforts.

4.2 ACT FOR THE PLANET

ACT FOR THE PLANET



2022

COMMITMENT



Act for a low-carbon future



Contribute to a circular economy



Develop a 100% certified assets portfolio



Innovate for sustainable mobility

2030

AMBITION

> Be a recognized leader in environmental performance

> In collaboration with our retailers, create a zero-waste business

> Turn promising assets into an efficient carbon-neutral property portfolio

> Support new trends in mobility to accelerate customers' switch to sustainable modes of transportation

4.2.1 Act for a low-carbon future

Klépierre is contributing to efforts to limit and adapt to global climate change by taking steps to reduce its greenhouse gas emissions and implementing plans to embed climate resilience into the Group's portfolio of assets.

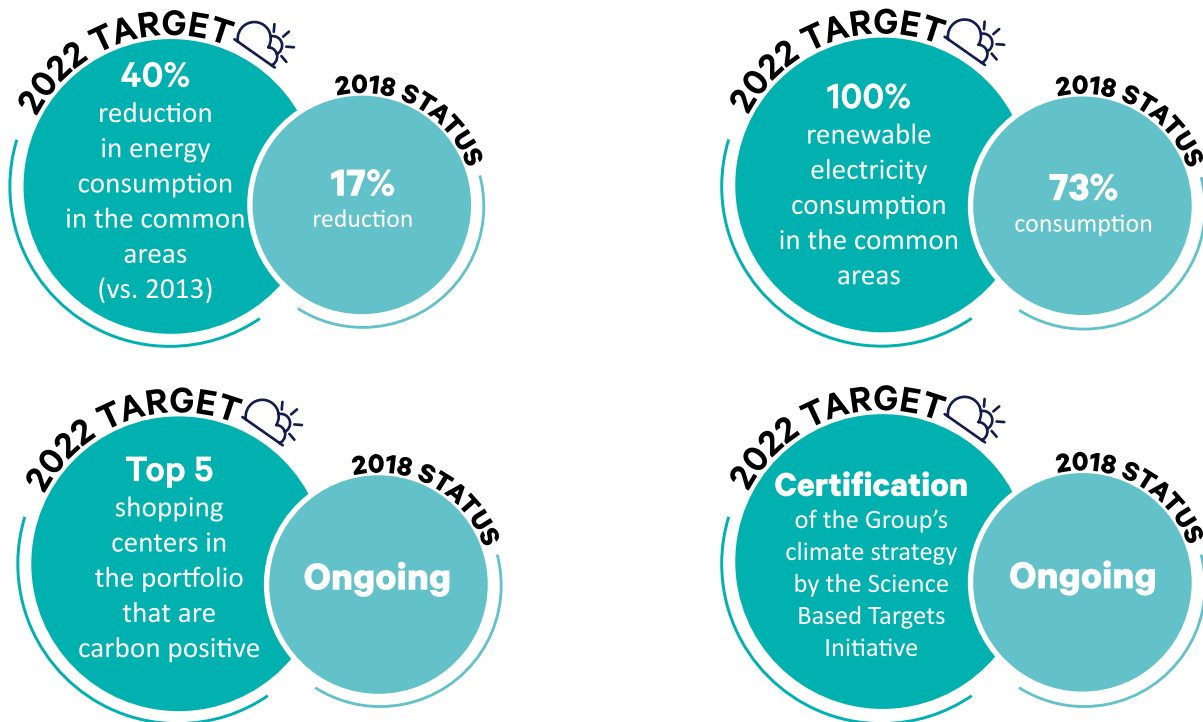
Striving to achieve greater levels of energy efficiency continues to be a priority for Klépierre. Not only does this help Klépierre curb its greenhouse gas emissions and reduce exposure to energy market risks, it provides an indicator of the strength of the Group's operational management and contributes significantly to cost control strategies for the Group and shopping center tenants.

Klépierre has established systems to accurately measure its direct and indirect greenhouse gas (GHG) emissions in accordance with scopes 1 and 2 of the GHG Protocol, using both location and market-based

methods. More recently, the Group has begun to analyze the impact of other indirect emissions (Scope 3), including emissions associated with tenants' energy consumption in each asset, visitors' travel, and service suppliers' activities. Klépierre also measures its total energy consumption and dependence on fossil fuels, and tracks the performance of its portfolio and individual assets in relation to energy efficiency.

In 2018, Klépierre's total energy consumption was approximately 485 GW, generating a cost of around €47 million. Based on climate adjusted consumptions, this correlates to a 4.5% reduction in comparison with 2017. The Group's total energy usage, added to leaks from the use of refrigerant gases, contributed to the emission of around 56,148 metric tons of CO₂e in 2018.

► **LOW-CARBON FUTURE – SUMMARY OF PERFORMANCE AGAINST COMMITMENTS**



4.2.1.1 Energy

4.2.1.1.1 Energy efficiency

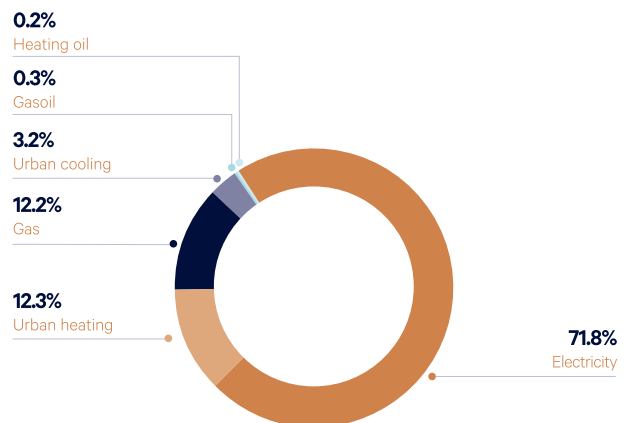
Klépierre has established an ambitious target to reduce energy consumption (kWh per sq.m.) in shopping centers' common parts areas by 40% by 2022, compared to a 2013 baseline.

Between 2013 and 2017 the Group steadily reduced like-for-like normalized energy consumption in line with its target. In 2018, real energy consumption has decreased by 2.5%. However, this result is partly due to the more extreme weather conditions experienced in 2018; on a climate adjusted basis, portfolio energy consumption per sq.m. in common parts areas was down by 4.5% compared to the previous year. Overall, Klépierre has increased portfolio energy efficiency by 17% over the past five years, bringing average shopping center consumption down from 143 kWh/sq.m. in 2013 to 118 kWh/sq.m. in 2018 and positioning the Company favorably to meet its target of a 40% improvement by 2022.

More importantly still, the 79 MWh saving has enabled the Group to save €31.5 million in energy costs on a cumulative, like-for-like basis, and it has resulted in the avoidance of approximately 62,000 tons of GHG emissions.

► **ENERGETIC MIX IN COMMON AREAS**

(Reported scope)



Comment on trends: more than 2/3 of the energy consumed in common areas is electricity, the reason why the Group took the commitment to prioritize the switch to 100% green energy by 2022.

Scope: 126 shopping centers owned and managed (excluding Hoog Catharijne, Utrecht and La Madeleine, Chartres) + 5 managed-only shopping centers. Coverage rate: 96.3% of shopping centers owned and managed.

► ENERGY INTENSITY IN COMMON AREAS
(Reported scope)

In kWh/sq.m.	2013	2016	2017	2018	2018/2017	2018/2013
France-Belgium	146	109	106	111	+4.7%	-24.0%
Italy	171	144	150	156	+4.0%	-8.8%
Scandinavia	121	108	121	116	-4.1%	-4.1%
Iberia	149	147	126	123	-2.4%	-17.4%
CE & Turkey	154	115	125	103	-17.6%	-33.1%
Netherlands	N/A	101	125	77	-38.4%	N/A
Germany	N/A	92	88	88	0.0%	N/A
GROUP TOTAL	143	118	121	118	-2.5%	-17.5%

Comment on trends: despite a harsher climate this year, the Group energy intensity ratio has decreased by 2.5% in comparison to 2017 thanks to efforts in energy efficiency (both building management and investments). With climate correction of energy data, the Group ratio reached -4.5% in one year.

Since 2013, this ratio has improved by 17.5% and the Group has committed to push forward to reach -40% in 2022.

Scope: 126 shopping centers owned and managed (excluding Hoog Catharijne, Utrecht and La Madeleine, Chartres) + 5 managed-only shopping centers.

Coverage rate: 96.3% of shopping centers owned and managed.

► ENERGY INTENSITY IN COMMON AREAS
(Like-for-like scope)

In kWh/sq.m.	2017	2018	2018/2017
France-Belgium	109	112	+2.8%
Italy	154	156	+1.3%
Scandinavia	111	116	+4.5%
Iberia	124	123	-0.8%
CE & Turkey	116	103	-11.2%
Netherlands	116	77	-33.6%
Germany	90	88	-2.2%
GROUP TOTAL	119	118	-0.8%

Comment on trends: in 2018, the climate was harsher than the year before, explaining the increased demand on energy to heat and cool the assets. With climate correction of energy data the Group ratio variation reached -4.2%; highlighting the effort of the teams for a continuous improvement on energy performance all over Europe.

Scope: 125 shopping centers owned and managed (excluding Hoog Catharijne, Utrecht, La Madeleine, Chartres and Deux Vallées, Givors) + 4 managed-only shopping centers (excluding Nimes Etoile, Nimes).

Coverage rate: 95.9% of shopping centers owned and managed.

► TOTAL ENERGY COSTS IN COMMON AREAS
(Reported scope)

In €K	2017	2018	2017/2018
France-Belgium	10,915	11,403	+4.5%
Italy	13,996	14,260	+1.9%
Scandinavia	8,767	7,598	-13.3%
Iberia	4,448	4,252	-4.4%
CE & Turkey	4,781	4,733	-1.0%
Netherlands	853	615	-27.9%
Germany	3,968	3,924	-1.1%
GROUP TOTAL	47,728	46,785	-2.0%

Comment on trends: on a reported scope, overall cost for energy decreased slightly in 2018. Scandinavia shows a -13.3% decrease due to real data collection in 2018 (versus estimation in previous years) and some refunds from 2017 to 2018 by the providers.

Scope: 126 shopping centers owned and managed (excluding Hoog Catharijne, Utrecht and La Madeleine, Chartres) + 5 managed-only shopping centers.

Coverage rate: 96.3% of shopping centers owned and managed.

Energy monitoring

Klépierre has achieved this reduction in portfolio energy consumption thanks to the deployment of a successful energy management strategy supported by improvements in the recording and analysis of shopping center energy performance data.

The Group has been investing in real-time energy management systems that generate automatic consumption data. These systems use a range of meters to record the energy use of individual appliances, which is then reported in real-time at shopping center, country and Group level. In 2018, these systems were introduced at a further 96 shopping centers, meaning that portfolio coverage is now at 77%.

In 2017, Klépierre introduced DEEPI, a new tool which allows for a standardized approach to monthly reporting of energy, water and waste data (see section 4.5.3). Energy consumption is measured as Watt hours (Wh) divided by floor area (sq.m.) and benchmarked according to opening hours and other variables. This enables Klépierre to establish median shopping center performance, which is expressed as annual energy cost in euros.

Using DEEPI, the Group can analyze data at shopping center and portfolio level; control for climate factors and undertake a robust shopping center performance benchmarking assessment. Indeed, by establishing "clusters" of shopping centers based on key variables such as retailer density, car park management, coverage of heating and cooling supply, surface area and inauguration and/or renovation, the Group has been able to identify the strongest and weakest performing assets in its portfolio and target energy management interventions accordingly.

One of the key initiatives Klépierre has pursued on this front has been to create “boost” action plans for poorer performing assets based on their benchmark performance and/or on their climatic-adjusted performance. The Group convenes specialist and on-site staff for two-day long workshops to assess each shopping center’s operations and consult with all relevant members of the shopping center team to develop a plan of action that is practical and feasible. This inclusive approach helps on-site staff to understand and manage their asset better and galvanizes greater support for the deployment of energy efficiency interventions. It has already proven successful in Porta di Roma (Rome, Italy) and Field’s (Copenhagen, Denmark) where staff have identified “quick wins” to reduce energy consumption without the need for capital expenditure (capex). These have resulted in climate adjusted savings of 13% within the first four months at Porta di Roma, and 8% within three months at Field’s.

Klépierre employs technical directors who are responsible for the implementation of Act for the Planet commitments in all centers where the Group is present. In 2018, the Group introduced monthly webinars for all shopping centers, hosted by the technical directors, to take stock of environmental performance data and highlight best practices. The technical directors also continue to hold monthly meetings on all capex, environment and safety aspects.

Since 2017, the Group has collated a reference guide of all best practices implemented in shopping centers and corresponding savings. These range from managing the temperature and operation schedules of heating, ventilation and air-conditioning system (HVAC) equipment—practices which have enabled some shopping centers to significantly save on costs—to purchasing new devices such as sensors and variable speed drives to better control energy consuming equipment.

For shopping centers that have already implemented all identifiable operational measures to increase energy efficiency, investments are made to upgrade technical equipment such as HVAC components; retrofit LED lighting and roll-out the use of CO₂ sensors to reduce air flow and optimize the functioning of air-treatment plants. The DEEPI platform has now been linked to the Group’s budget planning, so that capex approvals can be moderated according to whether or not shopping centers have been diligent in implementing all operational energy efficiency measures identified.

Energy efficiency is also an important consideration for the development of new shopping center and undertaking renovations. The Group targets BREEAM “Excellent” as a minimum performance standard for new builds but looks to implement energy efficiency measures above and beyond the BREEAM requisites by focusing on local conditions and giving special attention to building insulation. Prado (Marseille, France), inaugurated in 2018, not only achieved the targeted “BREEAM” performance standard but was also the first shopping center in the country to achieve the *Bâtiment basse consommation* (BBC) national standard for low energy consumption (see the case study on page 176 for further details).

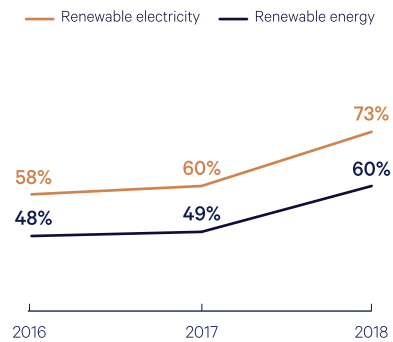
BREEAM “Excellent” is also pursued for new constructions in excess of 10,000 sq.m. gross leasable area (GLA). This currently includes the €80 million refurbishment of Créteil Soleil (Greater Paris Area, France), where the renovation of the building envelope will reduce energy requirements by increasing daylight provision and the retrofit of the shopping center’s systems and equipment will result in more efficient HVAC and lighting.

Klépierre has recently created standard development guidelines, which cover aspects such as specifications for energy consuming equipment and procedures for testing and commissioning.

4.2.1.1.2 Renewable energy

Klépierre is targeting 100% renewable electricity to power the common parts of its shopping centers by 2022. As the Group re-negotiates electricity contracts, it is switching over to “green” tariffs: this has already been done in France, Belgium, Italy, Norway, Sweden and the Netherlands, and is currently being rolled out across Spain and Portugal. In addition, the Italian center La Romanina currently procures “green gas” while the Group’s operations in France and Belgium have signed a contract with the utility provider to procure green gas for the entire portfolio from 2019. This means that as of 2018, the Group has reached approximately 73% renewable electricity supply for shopping centers’ common parts. The Group is still working to provide more accurate data, as it is not yet able to obtain the most up-to-date energy mix data from suppliers.

► EVOLUTION OF THE SHARE OF RENEWABLE ENERGY AND ELECTRICITY FOR COMMON SPACES



Comment on trends: in line with the Act For Good® commitment to switch to 100% renewable electricity by 2022, the vast majority of countries have started the renegotiation of their energy contracts showing first results in 2018 with a +13% increase on both green electricity and green energy. The Netherlands is already at 100% of green electricity and France is the country showing the best performance in one year with a share of green electricity going from 18% in 2017 to 72% in 2018. Scope: 126 shopping centers owned and managed (excluding Hoog Catharijne, Utrecht and La Madeleine, Chartres) + 5 managed-only shopping centers. Coverage rate: 96.3% of shopping centers owned and managed.

Klépierre has already installed renewable energy systems at seven of its sites (Nave de Vero (Marghera, Italy), Romagna Shopping Valley (Rimini, Italy), Duna Plaza (Budapest, Hungary), Hoog Catharijne (Utrecht, the Netherlands), Field’s (Copenhagen, Denmark), Maremagnum (Barcelona, Spain) and Grand Portet (Toulouse, France)), which together represent a generating capacity of 2.3 million kWh. Feasibility studies are underway across the Group’s portfolio to identify further opportunities.

Priorities for 2019

> In 2019 Klépierre will continue to push for greater energy efficiency across its portfolio. Using DEEPI, the Group will take a bottom-up approach to target setting by identifying appropriate energy performance targets at the asset level based on its shopping center “clusters” analysis, and on this basis, it will establish a goal scaled up to portfolio-level.

- > Klépierre will roll out the development of “boost” action plans (currently in place at 40% of applicable assets) and provide greater energy management support for shopping centers in France and Italy following the approach already taken in Scandinavia and Spain.
- > The Group will also increase engagement between technical directors and shopping center staff on a monthly basis to instill greater focus on operational energy management. The Group is already in the process of integrating environmental objectives into performance criteria for country managers, country function heads, shopping center managers, and shopping center technical managers.
- > Support capex in sustainability improvements in the investment plans for each center, focusing on investments that will have a direct impact on the sustainability performance of each asset.
- > Continue to roll out contracts with energy management support companies, helping the operational teams to equip their centers with real time measurement systems, but moreover to be able to pilot the building faster, taking external or internal factors into account.

Optimizing energy consumption at Plenilunio

Plenilunio shopping center has established itself as the dominant urban retail destination in eastern Madrid. The center covers 70,000 sq.m. with a large and updated fashion offer, high quality architecture and a prime location that attracts 12 million visitors annually.

The center was acquired by Klépierre in 2016 and underwent an extensive refurbishment between 2017 and 2018 to refresh its retail offer and facilities. Klépierre used the opportunity to improve the center’s environmental performance as it sought to reduce operating costs and align the center’s energy consumption with other assets in its portfolio.

By sharing expertise and applying the Group’s Operational Best Practice Manual, the management team identified improvements to the center’s technical equipment including cooling towers and HVAC systems and as well as upgrades to the building management system.

The resulting savings have been significant, with the center reporting an 11% reduction in energy consumption between 2017 and 2018 (based on absolute and climate adjusted consumption data). Furthermore, the center has achieved certification to the ISO 50001 standard for its energy management practices and performance.

4.2.1.2 Climate change

Direct GHG emissions performance

In December 2018, the United Nations climate change conference (COP 24) was convened in Poland to plan for the implementation of the 2015 Paris Agreement. The meeting came amidst warnings that climate action would need to be increased fivefold to limit global warming to 1.5 degrees Celsius, the threshold above which extreme weather events with significantly damaging impacts are anticipated.

In this context, Klépierre also has a responsibility to act to reduce its climate change impact and positively differentiate its portfolio as a result. The Group has established a target for its five largest shopping centers to be “carbon neutral” by 2022, and aims to have its climate change strategy certified by the Science-Based Targets (SBT) initiative. By implementing its energy efficiency and renewable energy objectives, the Group is also bringing about the reduction of its operational greenhouse gas (GHG) emissions.

► DIRECT GHG EMISSIONS IN 2018 (SCOPES 1 & 2) – LOCATION-BASED METHOD

(Reported scope)

In tCO ₂ e	Scope 1			Scope 2				Total	Scope 1 & 2 Total
	Gas	Heating oil/Diesel	Refrigerant gas	Electricity	Urban heating	Urban cooling			
France-Belgium	3,377	21	0	3,398	4,501	1,174	232	5,907	9,305
Italy	4,674	309	0	4,983	30,031	0	0	30,031	35,014
Scandinavia	59	137	0	197	2,104	1,535	0	3,640	3,836
Iberia	572	0	0	572	11,541	0	0	11,541	12,112
CE & Turkey	1,798	0	0	1,798	19,821	2,183	0	22,004	23,802
Netherlands	0	0	0	0	2,306	66	0	2,372	2,372
Germany	0	0	0	0	5,341	698	0	6,039	6,039
GROUP TOTAL	10,480	467	0	10,947	75,645	5,657	232	81,534	92,481

Comment on trends: being the main source of energy used in Klépierre assets, electricity represents the major part of the Group direct GHG emissions (82% of scopes 1 and 2 emissions).

Scope: 126 shopping centers owned and managed (excluding Hoog Catharijne, Utrecht and La Madeleine, Chartres) + 5 managed-only shopping centers. Coverage rate: 96.3% of shopping centers owned and managed.

► **DETAILS OF DIRECT GHG EMISSIONS IN 2018 (SCOPES 1 & 2) – MARKET-BASED METHOD**
(Reported scope)

In tCO ₂ e	Scope 1			Scope 2				Scope 1 & 2 Total
	Gas	Heating oil/Diesel	Refrigerant gas	Total	Electricity	Urban heating	Urban cooling	
France-Belgium	3,377	21	0	3,398	1,203	1,174	232	6,007
Italy	4,674	309	0	4,983	12,274	0	0	17,257
Scandinavia	59	137	0	197	2,067	1,535	0	3,799
Iberia	572	0	0	572	3,481	0	0	4,053
CE & Turkey	1,798	0	0	1,798	19,097	2,183	0	23,078
Netherlands	0	0	0	0	0	66	0	66
Germany	0	0	0	0	1,190	698	0	1,888
GROUP TOTAL	10,480	467	0	10,947	39,312	5,657	232	56,148

Comment on trends: the three regions with the greatest decrease in energy consumption in 2018 (the Netherlands, Germany and Scandinavia) enabled the Group to improve its performance on direct GHG emissions by 16%.

Scope: 126 shopping centers owned and managed (excluding Hoog Catharijne, Utrecht and La Madeleine, Chartres) + 5 managed-only shopping centers. Coverage rate: 96.3% of shopping centers owned and managed.

In 2018, Klépierre's total scopes 1 and 2 GHG emissions amounted to 92,481 tons of CO₂e based on the location-based calculation method of the GHG protocol. This represents a 16% reduction, which reflects the Group's implementation of the energy management measures described on page 164 and the incremental increases in the proportion of renewable energy supplied through the national grid mixes in the countries where the Group operates.

According to the location-based method, assets in Central Europe and Italy account for around 64% of the Group's GHG emissions, due to the emissions factors of the energy sources in these countries. The location-based calculation method does not enable electricity

purchased through renewable energy tariffs to be counted as zero emission factor.

In order to illustrate the efforts made by Klépierre to increase its supply of electricity purchased from renewable sources, the Group also calculates and reports its GHG emissions in accordance with the market-based method, whereby emissions factors from individual energy suppliers are applied. In accordance with the market-based method, like-for-like GHG emissions have declined by 32% over the past year owing additionally to the Group having switched to "green" energy tariffs in Belgium, France, Italy, Norway, Sweden and the Netherlands.

► **DIRECT GHG EMISSIONS (SCOPES 1 & 2) – LOCATION-BASED METHOD**
(Reported scope)

	In tCO ₂ e			In kgCO ₂ e/sq.m.			
	2016	2017	2018	2016	2017	2018	2018/2017
France-Belgium	7,348	10,938	9,305	9	9	8	(11%)
Italy	36,799	40,504	35,014	52	48	48	0%
Scandinavia	5,748	4,058	3,836	7	6	5	(14%)
Iberia	13,136	14,922	12,112	42	40	37	(9%)
CE & Turkey	34,845	31,712	23,802	52	54	41	(25%)
Netherlands	5,221	5,198	2,372	34	74	25	(67%)
Germany	6,990	6,176	6,039	25	22	22	(1%)
GROUP TOTAL	110,178	113,507	92,481	29	28	24	(16%)

Comment on trends: the three regions having decreased the most their energy consumption in 2018 (the Netherlands, Germany and Scandinavia) allow the Group to increase by 16% its performance related to direct GHG emissions.

Scope: 126 shopping centers owned and managed (excluding Hoog Catharijne, Utrecht and La Madeleine, Chartres) + 5 managed-only shopping centers. Coverage rate: 96.3% of shopping centers owned and managed.

► **DIRECT GHG EMISSIONS (SCOPES 1 & 2) – MARKET-BASED METHOD**
(Reported scope)

	In tCO ₂ e			In kgCO ₂ e/sq.m.			
	2016	2017	2018	2016	2017	2018	2018/2017
France-Belgium	4,913	9,564	6,007	6	8	5	(36%)
Italy	20,536	24,571	17,257	29	29	24	(19%)
Scandinavia	6,463	6,162	3,799	8	10	5	(49%)
Iberia	7,649	10,552	4,053	24	28	12	(56%)
CE & Turkey	29,148	28,264	23,078	43	48	39	(18%)
Netherlands	552	325	66	4	5	1	(86%)
Germany	6,104	5,616	1,888	22	20	7	(66%)
GROUP TOTAL	75,364	85,053	56,148	20	21	14	(32%)

Comment on trends: with the market-based calculation, the Group ratio of kgCO₂e/sq.m. decreased by 32% in one year, mainly due to higher quality in energy sourcing, especially in regions with high national emissions factors (the Netherlands, Iberia, Germany).

Given that electricity consumption is responsible for 82% of scopes 1 and 2 emissions, the 2022 objective to have 100% green electricity will lead to reducing the Group's direct GHG emissions (scopes 1 and 2) by approximately 80% in 4 years.

Scope: 126 shopping centers owned and managed (excluding Hoog Catharijne, Utrecht and La Madeleine, Chartres) + 5 managed-only shopping centers. Coverage rate: 96.3% of shopping centers owned and managed.

In 2017, Klépierre named the shopping centers where it will target carbon positive status as Field's (Copenhagen, Denmark), Créteil Soleil (Greater Paris Area, France), Val d'Europe (Greater Paris Area, France), Porta di Roma (Rome, Italy) and Emporia (Malmö, Sweden). These centers, which represent Klépierre's top five assets (in value), are being considered as innovation pilots, where successful strategies may be replicated in other shopping centers so that the Group may ultimately expand its carbon positive program to cover all assets in its portfolio. In 2018, carbon emission forecasts were conducted for each asset based on estimated reductions in line with the Act for Good® strategy, and taking into account actions already planned to reduce their emissions such as equipment upgrades and changes to

the energy mix from the purchasing of renewable electricity. Based on these forecasts, Klépierre will identify what further measures must be taken to achieve a positive status.

Broader carbon footprint

Beyond accounting for its scope 1 and 2 GHG emissions, Klépierre also seeks to establish the broader carbon footprint of its activities by calculating the emissions associated with sources identified under scope 3 of the GHG emissions protocol. The most significant of these are the Group's tenants' energy consumption and visitors' travel to and from its shopping centers.

► SCOPE 3 GHG EMISSIONS – LOCATION-BASED METHOD

(Reported scope)

In tCO ₂ e	Scope 3 with direct leverage							Scope 3 with indirect leverage				
	Energy consumption not included in scopes 1 & 2	Waste	Non-property fixed assets	Goods and services purchased	Business trips	Investments	Commuting	Total – Direct Leverage	Visitors transportation	Downstream leasing	Total – Indirect leverage	Total Scope 3
France-Belgium	2,482	5,351	N/A	19,959	N/A	17,011	N/A	N/A	403,087	25,729	428,817	N/A
Italy	9,042	1,641	N/A	1,006	N/A	0	N/A	N/A	483,427	75,415	558,842	N/A
Scandinavia	895	1,868	N/A	7,913	N/A	0	N/A	N/A	116,010	45,577	161,587	N/A
Iberia	3,069	3,232	N/A	4,942	N/A	0	N/A	N/A	176,029	42,757	218,786	N/A
CE & Turkey	6,452	1,662	N/A	4,506	N/A	0	N/A	N/A	117,855	67,486	185,341	N/A
Netherlands	516	404	N/A	1,054	N/A	0	N/A	N/A	14,485	9,540	24,025	N/A
Germany	1,253	192	N/A	2,243	N/A	0	N/A	N/A	34,092	38,519	72,612	N/A
GROUP TOTAL	23,710	14,352	344	41,623	801	17,011	325	98,166	1,344,985	305,024	1,650,009	1,748,175

Comment on trends: defined as "other indirect emissions", the scope 3 GHG emissions are linked to the wider value chain of Klépierre's business. By far, these represent the largest share of the Group's total carbon footprint (95% in 2018). Among these emissions, Klépierre separates those on which it has some degree of leverage (e.g., emissions linked to the goods and services purchased to run the malls, to the investments made, the waste generated); and those on which it has only indirect leverage, such as the Group's tenants' energy consumption ("downstream leasing") and visitors' travel to and from its shopping centers.

Scope: 126 shopping centers owned and managed (excluding Hoog Catharijne, Utrecht and La Madeleine, Chartres) + 5 managed-only shopping centers.

Coverage rate: 96.3% of shopping centers owned and managed.

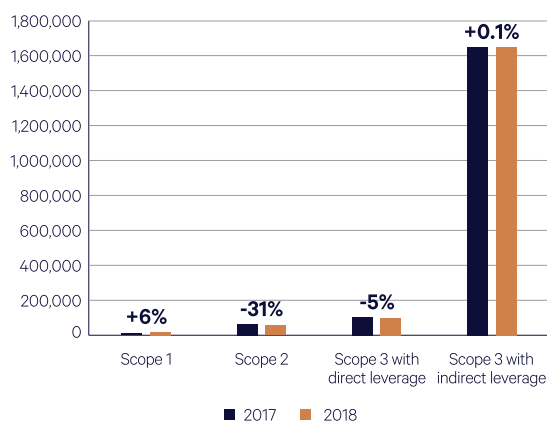
* For private areas energy consumption: real data for 41 shopping centers owned and managed. For the remaining 91 shopping centers, the private energy consumptions were estimated using an electricity consumption ratio of 180 kWh/ sq.m.

Coverage rate: 96% of shopping centers owned and managed (excluding Hoog Catharijne, Utrecht and La Madeleine, Chartres) + 5 managed-only shopping centers.

* For waste emissions: 118 shopping centers owned and managed (excluding La Madeleine, Chartres; Bologna, Shopville Gran Reno; Valence, Victor Hugo; Duisburg, Königsgalerie; Bordeaux, Saint-Christoly; Bergamo, Seriate, Alle Valli; Varese, Belforte; Angoulême, Champ de Mars; Modena, Grand Emilia; Lecce, Cavallino) + 4 managed-only shopping centers (excluding Nîmes, Etoile).

► TOTAL CARBON FOOTPRINT BY SCOPE – MARKET-BASED METHOD

(GHG emissions in tCO₂e, like-for-like scope)



Comment on trends: the variation in Scope 1 emissions is due to an increase of the Group consumption of gas, heating oil and fuel (related to harsher climatic conditions this year). The renegotiation of electricity contracts, which includes higher rate of green electricity, led to a large decrease in the Scope 2 emissions. Moreover, Klépierre managed to decrease its Scope 3 emissions, on which it has both a direct and indirect leverage, thanks to several actions, such as a better waste management (more and more waste diverted from landfill) or actions to raise tenants' awareness to sustainable development.

Scope: 126 shopping centers owned and managed (excluding Hoog Catharijne, Utrecht and La Madeleine, Chartres) + 5 managed-only shopping centers. Coverage rate: 96.3% of shopping centers owned and managed.

In 2018, tenants' energy consumption in Klépierre's shopping centers accounted for 305,024 tons of CO₂e, equivalent to 17% of the Group's scope 3 emissions (17% of the Group's total carbon footprint). In 2018, Klépierre shared its operational best practices manual with key retailers to raise awareness and provide support on the actions they can take to improve energy efficiency in their stores, along with other environmental impacts including water consumption and waste. In addition, sustainability requirements are included in the standard lease contracts for 83% of the Group's tenants.

Visitors' travel generated 1,344,985 tons of CO₂e in 2018, accounting for 77% of the Group's scope 3 emissions and 75% of its total carbon footprint. In this context and in keeping with national and local strategies to encourage sustainable urban travel, Klépierre has made sustainable mobility a priority and is already undertaking action on this front (see page 177).

Developing resilient assets

With the impacts of climate change already becoming manifest and some degree of further global warming inevitable, Klépierre has been seeking to anticipate and prepare for the potential effects of extreme weather events and increased regulation to combat climate change in relation to its assets.

The Group has pursued strategies to decrease its dependence on fossil fuels and maintain participation in industry working groups in order to reduce risks associated with energy market volatility and changes to the regulatory regime.

The fact that the Group's assets are located in major European cities decreases their relative exposure to physical climate change related-risks. Nonetheless, the Group has conducted an extensive study of the climate change impacts that could affect its assets, including higher temperatures, increased rainfall and/or snowfall, and an increased frequency and/or magnitude of earthquakes. The findings of this study have informed the review of structural requirements for the Group's assets, and this has included the introduction of a mandatory requirement for an asset-level structural audit every five years, including additional components relating to climate change risk.

As part of its existing activities, Klépierre is taking action to protect its assets from higher heating and cooling requirements due to temperature change and ensure that the physical building fabric is

designed to withstand the impact of extreme weather events. This is reflected both in relation to operational management (e.g., energy efficiency measures) and development and refurbishment (e.g., efficient, high-quality and locally-adapted design).

A good example of resilient design can be seen at Alexandrium (Rotterdam, the Netherlands), where a green roof has been installed. Containing seven types of sedums planted across an area of 22,000 sq.m., the roof serves to regulate climatic conditions and pollution in several ways: it absorbs air pollution, dampens ambient noise and provides a buffer for rainwater. At the same time, it decreases heat gain to the mall, reducing the need for air-conditioning. The project was partly financed by the municipality with the objective to prevent flood risk and increase thermal inertia.

Priorities for 2019

As well as continuing to deepen its energy management program as described on page 163, 2019 will see the Group progress with its carbon positive target and take steps to obtain certification for the Group's climate strategy.

Taking renewable energy supply to the next level

This year, Klépierre France launched a vast call for tenders to renew all energy contracts with two objectives: increase the quality of energy sourcing and optimize costs. Thanks to a great collaboration between Procurement and Sustainability teams, the Group found a good equilibrium between containing this increase of costs (+20% last year in France) and giving our renewable energy procurement a new revival.

With these new contracts for electricity and gas, France and Belgium will now use only green energy, meeting our Act For Good® commitment to have 100% of green electricity three years in advance. Moreover, despite a much higher price on the market, Klépierre chose to subscribe to 100% of green gas as well, highlighting the strong focus of the Group to decrease its direct GHG emissions.

France and Belgium will save almost 5,000 tCO₂ emissions per year, reducing their Scopes 1 and 2 emissions by 77%.

4.2.2 Contribute to a circular economy

The operation, refurbishment and expansion of shopping centers consumes a significant amount of natural resources and generates substantial volumes of waste. In this way, conventional shopping center development and management follows the typical linear economy model whereby resources and products are sourced or made, used and then disposed without being recovered or replenished, and often in ways which pollute the natural environment.

A circular economy model, by contrast, is one which decouples economic activity from the consumption of finite resources; designs out waste and pollution; keeps products and materials in use and regenerates natural systems. Besides reducing impacts on the environment, following a circular economy model can increase efficiency by extending the useful life of materials and resources, and reduce costs.

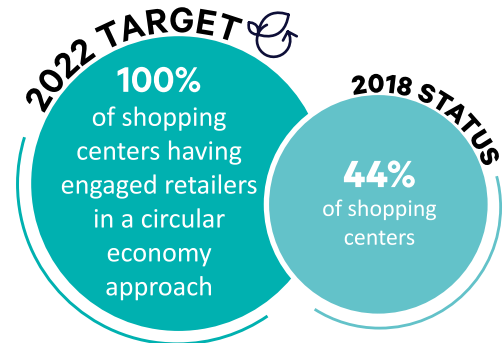
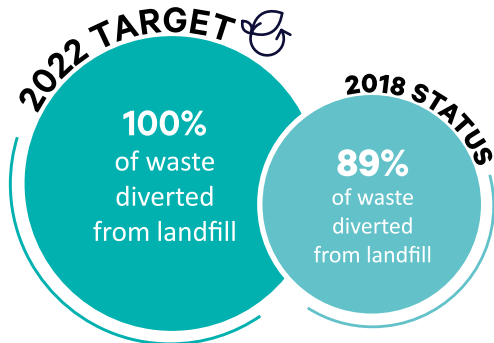
To date, Klépierre has focused on limiting waste and controlling the consumption of natural resources in property development by applying the BREEAM certification standard and specifying products and materials which are sustainable, easy to maintain, low emission, recycle and reuse, have an eco-label and/or a lower environmental impact (such as PEFC™ or FSC-certified timber). At all stages of the building life cycle, preference is given to suppliers with certified environmental management systems (EMSs).

The Group has also embarked on partnerships with organizations such as Cycle Up to promote the reuse of construction materials during the renovation of two shopping centers in France. And the recently opened Prada shopping center in Marseille was the first in the Group's portfolio to achieve Cradle to Cradle™ certification by prioritizing the use of recycled and/or recyclable construction materials and certified products in its construction (see the case study on page 172).

The direct consumption of natural resources is most significant in the building management phase through the purchase of products and materials used in operational maintenance and cleaning. In 2018, Klépierre's operational shopping centers generated over 67,645 tons of waste, most significantly cardboard, food and organic waste and paper.

During the operations phase, shopping center staff are made aware of materials and products purchased and a list of the least environmentally harmful products and materials is appended to the cleaning framework agreement. The Group has promoted effective waste management by offering tailored sorting solutions for tenants and visitors and engaging with service providers responsible for removing and processing waste to ensure that it is disposed of properly. It also closely monitors the quality of its wastewater.

Going forwards, Klépierre will maintain these initiatives whilst also seeking to establish circular economy approaches to managing the resources used for and within its assets.

► CIRCULAR ECONOMY – SUMMARY OF PERFORMANCE AGAINST COMMITMENTS

4.2.2.1 Waste management

Klépierre has set a target to ensure that 100% of shopping centers' operational waste is diverted from landfill by 2022. Over the past five years, the proportion of waste recycled and recovered has increased by 30 percentage points, from 59% in 2013 to 89% in 2018. This trend was sustained over the past year, with landfill diversion increasing by an average of 15 percentage points in comparison with 2017.

► WASTE DESTINATIONS IN 2018

(Reported scope)

	Recycled		Reused		Other form of material recovery		Composted		Anaerobic digestion		Material recovery		Incinerated with energy recovery		Other form of energy recovery		Energetic recovery		Incinerated without energy recovery		Landfill		Non recovered		Total			
	tonnage	share	tonnage	share	tonnage	share	tonnage	share	tonnage	share	tonnage	share	tonnage	share	tonnage	share	tonnage	share	tonnage	share	tonnage	share	tonnage	share	tonnage	share		
France-Belgium	6,957	30%	17	0%	2,333	10%	44	0%	304	1%	9,655	42%	12,409	53%	221	1%	12,630	54%	3	0%	1,011	4%	2,448	20%	2,448	20%	23,299	100%
Italy	4,741	39%	1,229	10%	1,526	13%	1,256	10%	0	0%	8,751	73%	544	5%	343	3%	887	7%	0	0%	2,448	20%	2,448	20%	12,086	100%		
Scandinavia	4,188	42%	67	1%	62	1%	764	8%	491	5%	5,572	56%	4,210	43%	64	1%	4,274	43%	0	0%	28	0%	28	0%	9,874	100%		
Iberia	3,365	33%	0	0%	531	5%	1,375	13%	0	0%	5,271	51%	3,575	35%	0	0%	3,575	35%	0	0%	1,489	14%	1,489	14%	10,335	100%		
CE & Turkey	2,398	32%	262	4%	578	8%	104	1%	0	0%	3,341	45%	1,307	18%	0	0%	1,307	17%	315	4%	2,495	33%	2,810	38%	7,458	100%		
Netherlands	1,879	52%	0	0%	0	0%	66	2%	0	0%	1,946	54%	1,602	44%	0	0%	1,602	44%	72	2%	0	0%	72	2%	3,619	100%		
Germany	307	32%	0	0%	80	8%	89	9%	37	4%	514	53%	460	47%	0	0%	460	47%	0	0%	0	0%	0	0%	974	100%		
GROUP TOTAL	23,835	35%	1,574	2%	5,110	8%	3,698	5%	832	1%	35,049	52%	24,107	36%	628	1%	24,734	37%	390	1%	7,471	11%	7,861	12%	67,645	100%		

Comment on trends: in line with the Act For Good® commitment to have 100% of waste diverted from landfill in 2022, the Group managed to increase its share of recovered waste by +14% this year, working closely with waste providers on contracts but also with our retailers to increase the performance in waste management at each center.

Scope: 118 shopping centers owned and managed (excluding La Madeleine, Chartres; Bologna, Shopville Gran Reno; Valence, Victor Hugo; Duisburg, Königsgalerie; Bordeaux, Saint-Christoly; Bergamo, Seriate, Alle Valli; Varese, Belforte; Angoulême, Champ de Mars; Modena, Grand Emilia; Lecce, Cavallino) + 4 managed-only shopping centers (excluding Nîmes, Etoile).

Coverage rate: 95.5% of shopping centers owned and managed.

► SHARE OF WASTE DIVERTED FROM LANDFILL

(Reported scope)

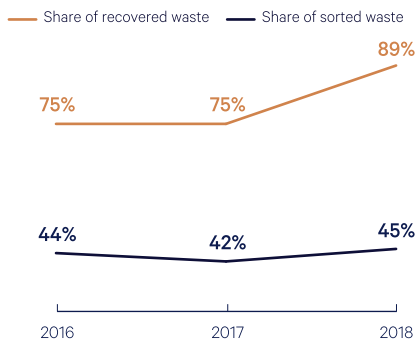
	2016	2017	2018
France-Belgium	80%	78%	96%
Italy	48%	68%	80%
Scandinavia	99%	100%	100%
Iberia	59%	59%	91%
CE & Turkey	66%	44%	67%
Netherlands	99%	97%	90%
Germany	100%	99%	100%
GROUP TOTAL	75%	75%	90%

Comment on trends: in line with the Act For Good® commitment to have 100% of waste diverted from landfill by 2022, waste collection contracts have been renegotiated this year to favor enhancement destinations for the waste. Thus, CE & Turkey and Iberia waste recovery ratio variations reach +18% and +32% respectively.

Scope: 118 shopping centers owned and managed (excluding La Madeleine, Chartres; Bologna, Shopville Gran Reno; Valence, Victor Hugo; Duisburg, Königsgalerie; Bordeaux, Saint-Christoly; Bergamo, Seriate, Alle Valli; Varese, Belforte; Angoulême, Champ de Mars; Modena, Grand Emilia; Lecce, Cavallino) + 4 managed-only shopping centers (excluding Nîmes, Etoile).

Coverage rate: 95.5% of shopping centers owned and managed.

► EVOLUTION OF THE SHARE OF RECOVERED AND SORTED WASTE



Comment on trends: new waste collection contracts show their first results in terms of rate of recovered waste. At the same time, the majority of these new contracts includes more types of waste to be sorted, to be associated with close partnerships with retailers led to improve the sorting rate as well.

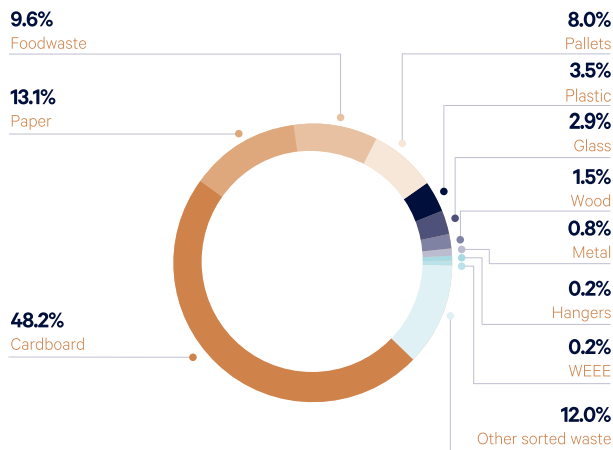
Scope: 118 shopping centers owned and managed (excluding La Madeleine, Chartres; Bologna, Shopville Gran Reno; Valence, Victor Hugo; Duisburg, Königsgalerie; Bordeaux, Saint-Christoly; Bergamo, Seriate, Alle Valli; Varese, Belforte; Angoulême, Champ de Mars; Modena, Grand Emilia; Lecce, Cavallino) + 4 managed-only shopping centers (excluding Nîmes, Etoile).

Coverage rate: 95.5% of shopping centers owned and managed.

The bulk of the waste generated in the Group's shopping centers (99.8%) is classed as non-hazardous waste and is made up of a range of recyclable waste streams which include cardboard, organic waste, paper, plastic, glass and wood. Hazardous waste, which accounts for a mere 0.2% of total waste production, is mostly comprised of used light bulbs and fluorescent tubes, electronic waste, electrical appliances and paint. These waste streams are separated on site and processed through special recovery channels.

► BREAKDOWN OF SORTED WASTE BY TYPE OF WASTE (IN TONNAGE)

(Reported scope)



Comment on trends: the vast majority of waste that the Group manages in shopping centers comes from the logistics of retailers; mainly cardboard, paper, pallets and plastic. Thanks to special attention paid to sorting with our food & beverage tenants, the share of sorted food waste reaches 10% of sorted tonnage.

Scope: 118 shopping centers owned and managed (excluding La Madeleine, Chartres; Bologna, Shopville Gran Reno; Valence, Victor Hugo; Duisburg, Königsgalerie; Bordeaux, Saint-Christoly; Bergamo, Seriate, Alle Valli; Varese, Belforte; Angoulême, Champ de Mars; Modena, Grand Emilia; Lecce, Cavallino) + 4 managed-only shopping centers (excluding Nîmes, Etoile).

Coverage rate: 95.5% of shopping centers owned and managed.

Most of the Group's assets are equipped with multi-compartment waste bins to promote waste awareness and correct segregation by visitors; tenants receive training on correct waste segregation and are provided with appropriate facilities. In 2018, the Group pursued further engagement with tenants to make sure that they can support its shopping centers' waste management targets and requirements. Retailers ID Kids, Sephora and Nature & Découvertes have contributed to the development of this strategy by supporting campaigns and workshops to raise awareness of recycling and improve waste collection among shopping center visitors and their employees.

The Group continues to seek ways to increase the proportion of waste that can be sorted on site, thereby reducing overall waste management costs. Over 30 different types of waste can be sorted at the best-performing centers, and, where combined with proper incentives for employees and tenants, waste recovery rates of 100% can already be achieved, as demonstrated by some centers in France, Scandinavia and Germany. Documenting and sharing the factors that have contributed to these successes constitutes an important part of the Group's strategy to increase recycling rates across the portfolio. Examples of specific improvement actions implemented in 2018 included:

- > The introduction of organic waste collections for restaurant tenants at French shopping centers Créteil Soleil, Val d'Europe and Le Millénaire;
- > Installation of "talking" bins and other initiatives to make waste sorting playful for visitors at Portet (Toulouse, France); and
- > Hiring temporary "waste champions" at Markthal (Rotterdam, the Netherlands), to help tenants separate waste correctly, making a marked improvement to recycling rates after six months.

Following efforts to increase the accuracy of waste data reporting, waste data is now being entered and analyzed monthly through the DEEPI platform, where waste contractors can enter data directly. The use of DEEPI helps the Group monitor waste flows using specific performance indicators, focusing on the types of waste being processed as well as waste disposal destinations, and enables the Group to set appropriate targets at the asset level.

4.2.2.2 Circular retail

Klépierre has also set itself the goal for 100% of shopping centers to have involved their retailers in a circular economy approach, for example by promoting actions to enable products to have a second life.

► SHARE OF SHOPPING CENTERS ENGAGING THEIR RETAILERS IN A CIRCULAR ECONOMY APPROACH

(Reported scope)

	2018
GROUP TOTAL	44%

Comment on trends: given that the vast majority of waste generated in a shopping center comes from retailers' logistics, collaboration is key to increase a better treatment and to implement new solutions for a circular economy approach. Almost half of the Group centers organized a joint initiative with tenants on this topic last year (mainly sorting training, awareness initiatives, workshops with visitors on second life of products).

Scope: 127 shopping centers owned and managed (excluding La Madeleine, Chartres) + 5 managed-only shopping centers.

Coverage rate: 99.9% of shopping centers owned and managed.

In 2017, Klépierre was the first company in its sector to sign a Europe-wide partnership with the start-up “Too Good To Go”, which uses a mobile app to facilitate the sale of unsold food on its last possible purchase day: 13 centers involved with 15,800 meals saved in total and a bit more than 36 tCO₂ emissions avoided.

Another initiative to save fresh produce from going to waste was piloted at Hoog Catharijne (Utrecht, the Netherlands). A pop-up shop, Kromkommer (“crooked cucumber”), was created in a vacant unit over a two-week period dedicated to the promotion of fruits and vegetables which would have been wasted due to over-production or irregular appearance. It resulted in the sale of 3,250 kg of produce.

In 2018, the Group initiated a pilot project with Veolia at Val d'Europe (Greater Paris Area, France), which has involved working with tenants H&M, Apple and McDonald's to tackle specific waste streams. A dedicated team from Veolia is monitoring the waste volumes generated by each tenant and is working to increase the accessibility of waste collection and separation facilities. At Emporia (Malmö, Sweden), a reverse logistics mechanism has been established, whereby service providers delivering retail goods collect recyclable waste as part of the same operation.

In September, Klépierre launched its first Act for Good® consumer campaign dedicated to raising public awareness of the circular economy. Six shopping malls in six different countries took part, bringing together retailers, shoppers, local artists and charities

to promote the second life of products. Initiatives including the distribution of reusable bags, workshops and exhibitions were used to highlight simple and creative ways to reduce waste, recover and transform old objects and design furniture from recycled materials. In total, 28,000 reusable bags were distributed, 20 workshops and exhibitions were held, 130 retailers were engaged and around one million people were reached through social media.

Another concept linked to the circular economy that has been piloted by Klépierre is the use of available outdoor space for food growing and beekeeping. Campania (Naples, Italy) created its own vegetable garden in 2011, which is fertilized using composted organic waste produced by the shopping center's tenants. Akmerkez (Istanbul, Turkey) first created a rooftop garden in 2015 that also uses compostable organic waste from the center's food court. In 2017, the team planted it with 169 varieties of fruits, vegetables and other plants and in 2018 celebrated its yield of 180 kg of fresh produce with a harvest festival for shopping center visitors. Building its success, the center has recently partnered with the WWF to promote composting more broadly among tenants and visitors.

In Germany, Boulevard Berlin (Berlin) and Centrum Galerie (Dresden) produce their own “shopping center honey” whilst contributing to local conservation efforts thanks to bee hives on their roofs. Prado, Klépierre's new shopping center in Marseille, France, has installed 1,300 m² of green surfaces (garden, green wall, green spaces) and five hives.

Applying the circular economy concept to shopping center development and renovation

In 2018, Klépierre's newly completed project, Prado (Marseille, France), became the first shopping center in Europe to be honored with Cradle to Cradle Certified™ status. Cradle to Cradle is a design concept based on the principles of the circular economy that focuses on ensuring that materials remain in potentially infinite cycles, thereby providing economic, social and ecological benefits.

In designing Prado, Klépierre specified materials and products in accordance with the requirements of the Cradle to Cradle™ certification, prioritizing the use of recycled and/or recyclable construction materials and certified products.

Klépierre will continue to seek opportunities to reuse and recycle materials on current and forthcoming development projects. To support this endeavor, the Group recently signed a partnership agreement with Cycle Up, a start-up company in the circular economy sector that promotes the reuse of construction materials. Cycle Up is providing advice on the renovation of Créteil Soleil (Greater Paris Area, France) and Grand'Place (Grenoble, France). It is also training the Group's development teams tasked with identifying reusable products and using a digital platform to buy and sell second-hand construction materials.

Priorities for 2019

- > In 2019, Klépierre will continue to focus on increasing the recycling and reuse of waste generated by its shopping centers in line with its 2022 landfill diversion target of 100%. This will involve working with each asset team to establish interim targets along this trajectory.
- > In addition, Klépierre has identified five types of waste that every shopping center is expected to sort by 2022, starting with cardboard and food waste in 2019. The Group and local country teams will also continue to explore innovative waste solutions covering collection, training and treatment that can be trialed in individual centers.

4.2.2.3 Water use

Although the materiality review conducted by Klépierre in 2017 found that water scarcity is not currently a material risk for its operations (see page 158), the Group nonetheless measures its water consumption and applies best practices to ensure the most efficient use of this resource.

► **PROPORTION OF SHOPPING CENTERS EXPOSED TO WATER STRESS RISKS**

(Reported scope)

	2018	
	Number of centers exposed	Share in portfolio value
France-Belgium	0	0.0%
Italy	0	0.0%
Scandinavia	0	0.0%
Iberia	2	16.9%
CE & Turkey	1	3.0%
Netherlands	0	0.0%
Germany	0	0.0%
GROUP TOTAL	3	1.7%

Comment on trends: in 2017, the share in portfolio value of centers exposed to water stress risks was 5%. Three shopping centers exposed to water stress risks (two in Italy and one in Turkey) were sold, decreasing the share in portfolio value to 1.7%.

On the 3 shopping centers of interest, the Group is paying special attention to quantity and quality of water consumed.

Scope: 128 shopping centers owned and managed + 5 managed-only shopping centers.

Coverage rate: 100% of shopping centers owned and managed.

In 2018, 3.9 million cu.m. of water was consumed across Klépierre's shopping centers. This includes tenants' water consumption, as tenant data is collected across all centers. Water consumption intensity by

building use (measured as liters/visit) was up from 4.16 in 2017 to 4.96 in 2018. The increases in 2018 are largely due to the higher demand for air conditioning following the warmer summer across much of Europe.

► **TOTAL WATER CONSUMPTION**

(Reported scope)

In cu.m.	2016	2017	2018
France-Belgium	846,199	949,813	1,043,832
Italy	1,281,014	1,101,426	1,329,028
Scandinavia	391,130	358,163	372,966
Iberia	220,780	337,018	401,117
CE & Turkey	657,244	665,408	595,898
Netherlands	58,726	26,345	23,708
Germany	126,798	118,636	128,198
GROUP TOTAL	3,581,890	3,556,809	3,894,748

Comment on trends: 2018 summer was warmer than the year before, increasing the demand for cooling in shopping centers. This explains the increase in the Group total water consumption this year, especially in Southern Europe (Italy +21% and Iberia +19%).

Scope: 126 shopping centers owned and managed (excluding Hoog Catharijne, Utrecht and La Madeleine, Chartres) + 5 managed-only shopping centers.

Coverage rate: 96.3% of shopping centers owned and managed.

Klépierre records and analyzes water consumption data monthly through the DEEPI platform, which also allows for the benchmarking of shopping centers' water efficiency based on the analyses by type of center used for energy benchmarking. In the case of water, shopping centers are grouped according to similarities in relation to the proportion of greenery present; the characteristics of their cooling towers and the proportion of tenant floors space dedicated to more water intensive services (e.g., restaurants and hair-dressers).

Water efficiency interventions are targeted at the three largest water consuming systems and activities in the Group's shopping centers (air-conditioning, toilets and cleaning); as well as the use of more drought-tolerant plant species in green areas and the recovery and reuse of rainwater where feasible. Investments in more efficient equipment, such as cooling towers, are made where and when replacements are required.

► **TOTAL WATER EFFICIENCY**

(Reported scope)

In L/visit	2016	2017	2018
France-Belgium	3.27	4.26	3.71
Italy	8.79	7.85	8.36
Scandinavia	4.25	5.68	4.37
Iberia	4.80	4.27	3.91
CE & Turkey	5.07	6.66	5.46
Netherlands	1.74	2.17	1.48
Germany	3.64	4.89	4.00
GROUP TOTAL	4.82	4.16	4.96

Comment on trends: 2018 summer was warmer than the year before, increasing the water demand to run cooling-towers. This higher need for cooling in shopping centers explains the increase of water efficiency to ensure the comfort of visitors.

Scope: 126 shopping centers owned and managed (excluding Hoog Catharijne, Utrecht and La Madeleine, Chartres) + 5 managed-only shopping centers.

Coverage rate: 96.3% of shopping centers owned and managed.

► TOTAL WATER EFFICIENCY
(Like-for-like scope)

In L/visit	2017	2018	2018/2017
France-Belgium	3.64	3.66	0.5%
Italy	8.55	8.59	0.4%
Scandinavia	4.18	4.37	4.5%
Iberia	3.74	3.91	4.5%
CE & Turkey	5.27	5.46	3.6%
Netherlands	1.63	1.48	(8.8%)
Germany	3.67	4.00	9.1%
GROUP TOTAL	4.87	4.97	2.1%

Comment on trends: 2018 summer was warmer than the year before, increasing the water demand to run cooling-towers. This higher need for cooling in shopping centers explains the increase of water efficiency to ensure the comfort of visitors.

Scope: 125 shopping centers owned and managed (excluding Hoog Catharijne, Utrecht; La Madeleine, Chartres and Deux Vallées, Givors) + 4 managed-only shopping centers (excluding Nîmes Etoile, Nîmes).

Coverage rate: 96% of shopping centers owned and managed.

4.2.3 Develop a fully-certified portfolio

Klépierre's experience confirms that investors' appetite for certified "green" and "healthy" buildings is growing, and numerous studies point to the economic benefits that these assets can yield in terms of tenant attraction and retention, rental income, occupier productivity and operational cost savings.

In the retail sector, green building certifications provide an opportunity for developers and owners to differentiate their products by demonstrating higher standards of environmental quality and implementing design features to sustain long-term asset values. What is more, studies show a correlation between sustainability features such as indoor air quality, greenery and daylight levels and increased dwell time, customer loyalty and tenant sales⁽¹⁾.

Klépierre favors the use of two green building certification standards: BREEAM New Construction and BREEAM In Use alongside ISO 14001 certification for operational shopping centers' environmental management systems.

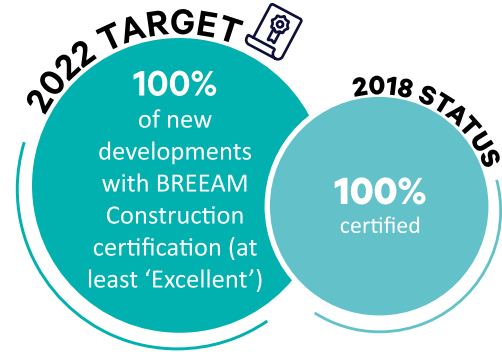
BREEAM provides a framework for assessing impacts and costs from a lifecycle perspective and enhancing the environmental quality of the development and its socio-economic contribution to the local area. The certification standard gives tenants, visitors and investors assurance that the project has been developed based on a robust process to minimize damage to ecosystems and natural resources whilst exploiting opportunities to create a better built environment for people and planet.

The Group has found these standards to be complementary: ISO 14001 provides a framework to target, deliver and monitor environmental improvements at each center, and establish procedures for continuous improvement. BREEAM standards meanwhile support the Group to carry out a comprehensive analysis of its assets' anticipated or actual environmental performance.

Additionally, Klépierre operates a portfolio-wide environmental management system covering 100% of the assets it owns and manages. This means that all assets establish environmental targets, implement actions and monitor their performance, with this process being supported and reviewed by dedicated specialists at national and Group levels.

(1) See World Green Business Council, "Health, Wellbeing & Productivity in Retail: The Impact of Green Buildings on People and Profit" (February 2016), pages 22, 26 and 33.

► BUILDING CERTIFICATIONS – SUMMARY OF PERFORMANCE AGAINST COMMITMENTS



4.2.3.1 Standing assets

74% of the Group's standing assets (by value) currently have at least one type of sustainable building certification: 52% have been certified according to BREEAM in Use, whilst 57% operate environmental management systems certified to ISO 14001. Four further shopping centers, La Gavia and Plenilunio (both located in Madrid, Spain), Nueva Condomina (Murcia, Spain) and Santa Cruz de Tenerife (Tenerife, Spain) have obtained ISO 50001 certification for their energy management practices since 2017.

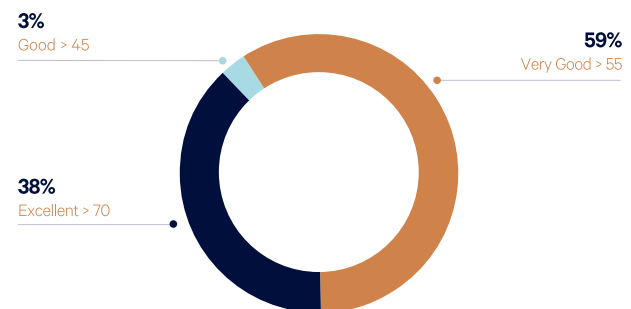
► NUMBER OF ASSETS WITH A SUSTAINABLE CERTIFICATION
(Reported scope)

	2018	
	Number of assets	Share in total value
France-Belgium	22	64%
Italy	7	41%
Scandinavia	18	100%
Iberia	11	100%
CE & Turkey	12	82%
Netherlands	4	100%
Germany	4	100%
GROUP TOTAL	78	74%

Comment on trends: in order to better implement certifications all over Europe on each asset, Klépierre signed a new contract mid 2018 to launch a portfolio approach of BREEAM In Use coverage. This led to a period of overlap between old and new contracts putting on hold some certifications for a few months, which explains the slight decrease observed in 2018 (-1 p.p.). Post-closing, more than 80% of assets were certified or in the process of certification (+5% in comparison of 2017). Scope: 127 shopping centers owned and managed (excluding La Madeleine, Chartres) + 5 managed-only shopping centers. Coverage rate: 99.9% of shopping centers owned and managed.

In accordance with the Act for Good® target, Klépierre is continuing to secure certifications at those centers where they have not already been obtained, whilst also ensuring that current certifications approaching expiry are successfully renewed. BREEAM in Use certification has been prioritized in this endeavor, and in 2018 a further 15 assets were certified to BREEAM in Use, with 1 achieving "Excellent", 13 "Very Good" and 1 "Good".

► SUSTAINABILITY CERTIFICATIONS OF ASSETS – BREAKDOWN ON BREEAM IN USE LEVELS
(Reported scope)



Comment on trends: 97% of the Group shopping centers with a BREEAM In Use certificate achieved very good or higher, illustrating the strong focus of the Group on operational management excellence of assets. Scope: 127 shopping centers owned and managed (excluding La Madeleine, Chartres) + 5 managed-only shopping centers. Coverage rate: 99.9% of shopping centers owned and managed.

The process provides benefits for individual shopping centers and the Group more broadly: from establishing continuous improvement methodologies and integrating sustainability into the daily operations of each asset to promoting collaboration between teams and countries and enhancing asset values by achieving certification to a recognized international standard.

4.2.3.2 New construction and renovation

The diversity of Klépierre's portfolio is complemented by a multi-faceted design and development strategy. The Group's development team concentrates the main part of its efforts on the Group's standing assets, where there are significant opportunities to unlock additional value through expansion and/or refurbishment. The Group's overarching development strategy, which is tailored to the unique needs of each project, pursues four objectives:

- > Better integrating the assets within, and adding greater value to the surrounding city district;
- > Positioning projects towards mixed use themes, whilst maintaining retail as the predominant activity;
- > Extending existing assets when sufficient potential is identified; and
- > Implementing the operational initiatives of the Group (Retail First, Destination Food® and Clubstore®) to fine-tune the tenant mix and introduce new retail concepts, create a bespoke gastronomic offer that is relevant to local consumers and complement the customer experience and sense of hospitality presented by the Group's malls through design and infrastructure provision.

The Group's Act for the Planet approach is deployed alongside these pillars through the application of the BREEAM standards for New Construction or Refurbishment and Fit-Out (as befits the project). BREEAM Excellent for New Construction, for example, sets our criteria that benefit the customer experience covering internal and external

lighting levels, indoor air quality and acoustic performance. Requirements to improve accessibility to and from the site by providing alternative forms of transport meanwhile promote integration with the broad community and urban environment. Following the BREEAM standard is fundamentally important for the Group's developments, and BREEAM certification with "Excellent" as a minimum level is indeed an integral requirement of the Group's Act for Good® Development Checklist.

The Act for Good® Development Checklist, which is applied to all projects which involve the creation of over 10,000 sq.m. of new development, also includes the requirements for:

- > All timber to be certified to PEFC or FSC standards;
- > Undertaking community engagement at the initial stages of the project;
- > Ensuring that the main contractor has committed to adhering to the sustainability standards set by Klépierre during the procurement and worksite phases; and
- > Creating a biodiversity action plan.

In 2018, Klépierre obtained a BREEAM "Excellent" certification for its one new completed development (Prado, Marseille, France), and was on track to achieve BREEAM "Excellent" for the refurbishments of Créteil Soleil (Greater Paris Area, France) and Gran Reno (Bologna, Italy). 100% of timber used for the development of Prado was certified to PEFC or FSC, and this target is also planned to be achieved at other assets as a prerequisite for BREEAM certification.

Prado, a highly sustainable retail destination for the new eco-district of Marseille

In March 2018, Klépierre and joint venture partner Montecristo Capital inaugurated Prado, a new retail destination comprising 23,000 sq.m. of GLA located in Marseille. An exceptional shopping center on several fronts, Prado embodies Klépierre's vision for the future of retail. With an original and bold architectural design which has enabled the center to be certified as a "low consumption building", it provides testament to the Group's energy and climate change commitments.

Prado was designed as an open-air shopping center, covered by a canopy of 1,750 supported glass panels which appear to be suspended in the air. The canopy provides a screen for the "mistral" wind and shields visitors from the sun, whilst allowing natural light to penetrate and fresh air for free-cooling. A 400-sq.m. "green wall" provides visual esthetics and filters and cleanses the air. Being fully integrated within the Prado urban regeneration scheme, the shopping center can further optimize its energy use by sharing a hot water circuit with the nearby Vélodrome football stadium, offices and hotels.

After achieving BREEAM "Excellent" certification, Prado became the first shopping center in France to achieve the *Bâtiment basse consommation* (BBC) label for commercial buildings which consume at least 50% less primary energy than their benchmark, and the first in Europe to be honored with Cradle to Cradle Certified™ status, owing to its selection of recycled or recyclable construction materials and eco-responsible products.

The success of the technical innovations delivered at Prado has propelled the Group to deploy similar strategies elsewhere in its development portfolio. For example, Klépierre is now integrating district heating and cooling at Økernsenteret in Norway. The Group has also learned that it needs to develop stronger engagement with tenants when it commits to achieving high energy performance in its buildings: tenants at Prado have been requested to respect the low energy consumption status of the building through their operations, and this poses challenges for retailers that do not yet have an energy efficiency commitment or strategy in place. In future, Klépierre will seek to engage with tenants from the outset with a view to establishing joint commitments to maintain or improve the targeted in-use energy efficiency of new or refurbished shopping centers.

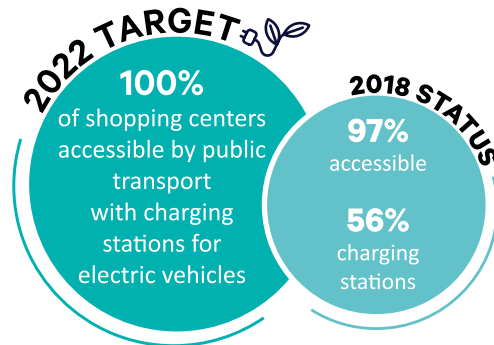
4.2.4 Innovate towards sustainable mobility

Air pollution is currently considered one of the greatest environmental risks to public health in Europe, and growing concerns about air quality, congestion and global warming are prompting national and local governments to develop plans to increase the use of more environmentally sustainable and healthier forms of mobility, including walking, cycling, the use of public transport and electric vehicles.

Ensuring accessibility by different modes of mobility is an integral part of Klépierre’s strategy. Location, urban density and transport connectivity are key criteria which are reviewed as part of the Group’s

investment selection process. Across its operational portfolio, Klépierre is undertaking actions to diversify the transportation and mobility offer associated with its shopping malls. The intentions behind this approach are four-fold: it supports the integration of its assets within the communities they serve; supplements efforts to increase footfall by enabling easy access by as many people as possible; it reduces pollution and GHG emissions associated with the use of motor vehicles and it helps to future-proof the Group’s assets in the context of the shift towards greater use of electric vehicles, walking and cycling.

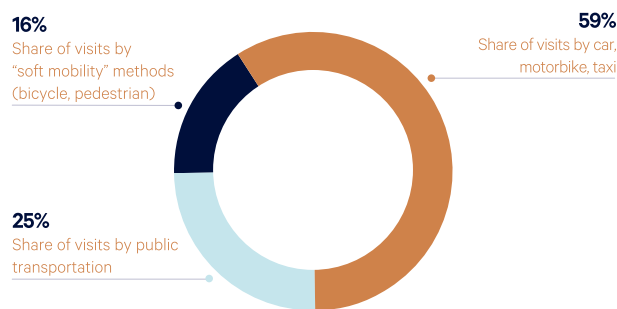
► SUSTAINABLE MOBILITY – SUMMARY OF PERFORMANCE AGAINST COMMITMENTS



4.2.4.1 Visitors’ travel modes

In 2018, 41% of visits to Klépierre’s shopping centers were made by active mobility (walking, cycling, etc.) or public transport. Over the past four years, the Group has seen a 3% increase in the use of public transportation which now accounts for 25% of visits.

► BREAKDOWN OF VISITS BY TRANSPORTATION METHOD
(Reported scope)



*Comment on trends: 41% of the customers coming to the Group shopping centers use public transportation or soft mobilities. Located in the growing demographic zones, accessibility of our assets will be key in the future success of the Group. This is why Klépierre has defined a clear ambition to innovate for sustainable mobility with the objective to increase this proportion in coming years.
Scope: 127 shopping centers owned and managed (excluding La Madeleine, Chartres) + 5 managed-only shopping centers.
Coverage rate: 99.9% of shopping centers owned and managed.*

Klépierre has set a target for 100% of its shopping centers to be accessible by public transportation and equipped with charging stations for electric vehicles by 2022. As of December 31, 2018, 97% of the Group’s assets were accessible by public transportation, meaning that at least one bus, train or tram stop was located less than 500 meters away from a mall entrance with services at least every 20 minutes.

99% of the Group’s shopping centers are easily accessible by bicycle, including all of those located in Scandinavia, Germany and the Netherlands, with some of these providing services for cyclists on site. Cycling is further encouraged by the promotion of events such as the green transport competition held at Sosnowiec Plaza (Poland), Green Mobility Week at Grand Littoral (France) and the availability of bicycle rental services at some shopping centers.

2018 saw the Group expand its provision of charging stations for electric vehicles, with a 55 shopping centers across France, Germany, Denmark, Hungary, Italy, the Netherlands, Sweden, Norway, Portugal and Spain installing these facilities. This means that 56% of the Group’s assets now have electric vehicle charging points in place, including 98% and 97% of centers respectively in Scandinavia and the Netherlands, where the use of electric vehicles is most predominant. In France, Klépierre installed three pilot “fast charging” stations for Tesla vehicles as part of the Group’s European framework agreement with Tesla. Other stations have been installed in Spain and pilots are also underway in Italy and Turkey.

► SHARE OF THE PORTFOLIO (IN VALUE) WITH SPECIFIC MOBILITY SERVICES IN PLACE
(Reported scope)

	Public transportation accessibility	Space reserved for cyclists	Electric car charging stations
France-Belgium	100%	97%	46%
Italy	89%	99%	31%
Scandinavia	98%	100%	98%
Iberia	100%	100%	73%
CE & Turkey	100%	100%	43%
Netherlands	100%	100%	97%
Germany	100%	100%	28%
GROUP TOTAL	97%	99%	56%

Comment on trends: in line with the Act For Good® commitment to have 100% of the shopping centers accessible by public transportation and electrical charging stations by 2022, these three percentages increased in 2018 (respectively +1 p.p., +2 p.p. and +1 p.p.) in comparison to 2017.

Scope: 127 shopping centers owned and managed (excluding La Madeleine, Chartres) + 5 managed-only shopping centers. Coverage rate: 99.9% of shopping centers owned and managed.

Klépierre maintained several other initiatives to promote more sustainable car travel at various shopping centers in 2018, including:

- > Car sharing services at Le Gru and Porta di Roma in Italy, and Belle Épine and Créteil Soleil in France, the latter of which offers a €15 gift card offered to the 50 first drivers and a refund for the round-trips of the first 150 passengers; and
- > A partnership with Traficar, a local car rental service, at three shopping centers in Poland, where it is estimated that for every Traficar, the use of between 8 and 20 private vehicles is avoided;
- > Car pooling dedicated parking spaces (19% of centers);
- > Private shuttle inside the mall (7% of centers);
- > Live display system of public transport schedule available to visitors of the shopping centers (11% of centers).

4.2.4.2 Masterplanning transport solutions

Klépierre's development activity offers opportunities to promote sustainable mobility by integrating shopping centers successfully within neighborhood masterplans and engaging with local authorities and services to do so. Indeed, all assets which have been developed, extended or renovated by the Group since 2012 are served by public transport owing to such efforts.

Prado (Marseille, France), completed in 2018, is connected by the city metro and four bus routes, and offers dedicated parking spaces for car shares. The extension of Gran Reno (Bologna, Italy) is taking place alongside the creation of a new train station to serve its location, the transformation of Hoog Catharijne (Utrecht, the Netherlands) is part of a major urban renewal project which will enable a direct connection between the shopping center and the city's central station, as well as the creation of the world's largest indoor bike park (see case study below).

Priorities for 2019

- > In 2019, Klépierre will proceed with its efforts to expand the provision of electric vehicle charging stations across its operational portfolio, whilst continuing to ensure that new projects in planning exploit all possible opportunities to connect with new and existing public transport infrastructure, cycling paths and pedestrian zones.
- > To further encourage visitors to choose more sustainable modes of transportation, the Group will continue to promote initiatives such as car sharing and renting, and encourage alternative forms of transport by improving cycling infrastructure and public accessibility.

Sustainable mobility: an integral part of the revitalization of Hoog Catharijne and Utrecht's urban center

Located in the heart of Utrecht between the historical town and the central station, Hoog Catharijne is the most frequently visited shopping center in the Netherlands, welcoming over 27 million people in 2018.

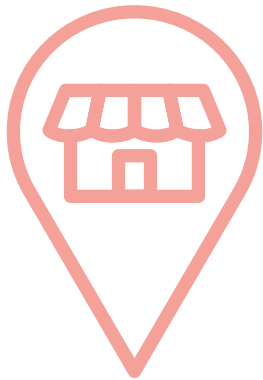
Hoog Catharijne is part of a major urban renewal project which will not only result in the extension and refurbishment of the retail destination itself, but also the creation of new commercial and residential property, the reinstatement of the former canal and the expansion of the train station—the busiest transport hub in the country—which serves around 90 million passengers a year.

The redevelopment of the district enables previously disconnected venues including the Jaarbeurs convention and exhibition center, TivoliVredenburg music hall, City Hall, train station and shopping center to be harmoniously interconnected and architecturally integrated through smarter urban planning. The project will significantly enhance the walkability of the district, whilst access by bicycle will be promoted through the co-creation of the world's largest indoor bike park, offering 12,500 spaces. Access to the train station will be made easier, whilst the impact of motor vehicle use will be reduced through the replacement of intersecting highways with the reinstatement of the canal.

For visitors who do choose to travel by car, Hoog Catharijne is providing 13 charging spaces for electric vehicles, from which it will receive a share of the income generated for electricity suppliers.

4.3 ACT FOR TERRITORIES

ACT FOR TERRITORIES



2022 COMMITMENT



Promote local employment around centers



Participate in the local community



Pursue our responsible citizenship



Involve local actors in development projects

2030 AMBITION

> Make our centers a benchmark in local value creation

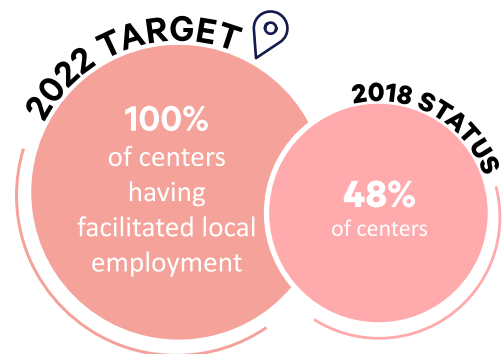
> Incorporate social responsibility into our sphere of influence

> Jointly develop the shopping centers of the future

4.3.1 Promote local employment around our centers

Klépierre makes a significant contribution to local economic development by providing employment opportunities, both directly through the operation of its shopping centers, and indirectly through the activities of its tenants and suppliers who provide cleaning, safety, security and maintenance functions. The Group's development activities likewise provide major job creation opportunities.

► LOCAL EMPLOYMENT – SUMMARY OF PERFORMANCE AGAINST COMMITMENTS



Klépierre's long-term target is to ensure that all shopping centers in its portfolio facilitate local employment. Given that the majority of job opportunities are generated by the Group's retailers, the most significant role Klépierre can play is as a facilitator by supporting tenants to recruit locally, and working with local partners including recruitment agencies to organize initiatives that bring retailers and job seekers together. To this end, Klépierre has embarked on a number of initiatives to boost local employment by working in partnership with its tenants across the Group, such as organizing job fairs, advertising on shopping center websites, in the centers themselves and partnering with employment agencies.

Across France, several Klépierre shopping centers have partnered with Pôle emploi—the government employment agency—to promote job fairs for local residents. The fairs are an effective opportunity for retailers, other local businesses and job seekers to meet and connect at the same time. At Portet (Toulouse), for example, the shopping center and Pôle emploi organized a “marketon” for unemployed people to meet with tenants. A list of job offers and the skills required were advertised

in advance through the center's Facebook page and at the center's reception desk. The event attracted more than 100 applications and 20 job offers were made. Similar events have been organized at Beau Sevran (Greater Paris Area, France), Odysseum (Montpellier) and Écully Grand Ouest (Écully).

In 2018, the Group undertook a number of projects to boost its impact further. This included working with partners to accelerate the roll-out of technology that can bring job seekers and employers together. For example, in 2018 we partnered with HucLink to install a digital kiosk at Nantes Beaulieu shopping center (France) that allows job seekers to search for vacancies that meet their criteria. In 11 days, the kiosk generated 55 applications from 275 visitors (see case study below).

Secondly, the Group undertook a number of organizational changes to embed local job creation into each shopping center's action plan. Local employment initiatives are now incorporated into individual marketing plans, with responsibility resting with the Marketing Manager for each shopping center. At the same time, the Group has

not prescribed specific actions at a corporate level, but instead has encouraged marketing teams to think creatively about what initiatives can be organized that reflect both the needs of each center's tenants and the local communities.

Aside from Klépierre's tenants, the Group can make a significant contribution to local job employment by prioritizing local and regional suppliers who provide the cleaning, safety, security and maintenance

services. In 2018, the Group's shopping center operating budgets totalled around €342 million, which was mostly redistributed to locally-based service suppliers. To boost its impact further, Klépierre has committed to ensure 100% of its shopping centers use local service suppliers (defined as regional and/or within 300 km from the shopping center) by 2022. By the end of 2018, 80 of the service suppliers across our portfolio fell within this definition.

A short-cut to employment

With limited resources, recruitment can be a time-consuming process for many tenants in Klépierre's shopping centers. Recognizing this challenge, and keen to support the Group's long-term target for all centers to facilitate local employment, Klépierre has partnered with HucLink to explore how technology can better connect its tenants with potential candidates.

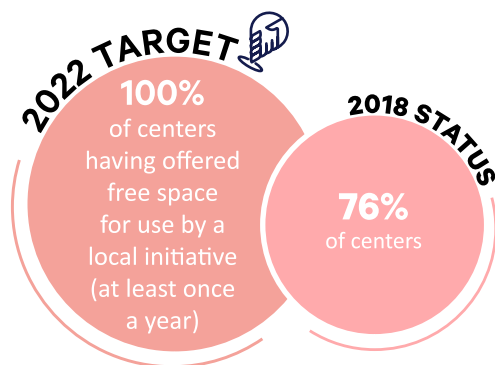
HucLink provides interactive digital kiosks that job seekers can use to search for vacancies in their immediate areas. The kiosks streamline the recruitment process by matching opportunities with candidates' skills. Candidates can register in advance and create a personal profile. Removing the need to submit a detailed curriculum vitae means the application process can be shortened to a matter of minutes.

Installed as a pilot over a two-month period at Beaulieu Centre Commercial in Nantes, the kiosk delivered encouraging results. It attracted more than 700 unique visitors and received almost 160 applications from just under 130 registered users. Following its success, Klépierre is exploring the opportunity to expand the kiosks more broadly across its portfolio in France and Belgium.

4.3.2 Participate in the local economy

With 1.1 billion visits to Klépierre shopping centers in 2018, the Company's assets provide a focus point for communities and a space for people to gather and spend time. This significant reach provides a valuable platform for local organizations and partners to raise their profile and engage with the tens of thousands of visitors who visit Klépierre shopping centers daily. The benefits cut both ways, with shopping centers strengthening reputation as assets that make a positive contribution to the communities they serve.

► PARTICIPATION IN THE LOCAL ECONOMY – SUMMARY OF PERFORMANCE AGAINST COMMITMENTS



Klépierre encourages its centers to support their communities and has set a long-term target for all shopping centers to offer free space for use by local initiatives at least once a year. In 2018, 76% of centers across Klépierre's portfolio met this target, representing 98 centers,

of which 33% are in France. The range of local initiatives supported cover emergency services and public safety bodies to sports clubs, student bodies and arts associations. In addition, shopping centers also involved in a variety of original initiatives such as hosting local start-ups and organic markets with local producer stands. For example:

- > Center Bourse (Marseille, France) organized a "green day" with local start-ups "clip it" and Paprec to promote waste recycling among shopping center visitors. An exhibition by Les Réparateurs showcased the work of local artisans who specialize in giving a second life to waste goods;
- > Grand'Place (Grenoble, France) partnered with the local IT school (Sup'Info) to provide technology training for elderly people to help bridge the digital divide;
- > Beaulieu (Nantes, France) worked in partnership with les Apprentis d'Auteuil to support local entrepreneurs. The partnership provided entrepreneurs the opportunity to test their ideas in a commercial setting. Seven start-ups participated over a seven-month period and achieved sales of €27,000. A similar project was organized at Kupolen (Borlänge, Sweden) where the center organized a business fair for young entrepreneurs. More than 200 people took part and the event increased footfall by 40%.

While each shopping center has the freedom to select initiatives based on their local circumstances and community needs, during 2018 the Group worked closely with shopping center management and marketing teams to set an overarching framework to ensure a more consistent Group-wide approach. The framework provides guidance for shopping centers in identifying relevant initiatives and establishes comparable metrics that can be used to calculate the Group's overall impact and capture the value created, such as footfall and social media reach.

Promoting culture to enrich the visitor experience

Klépierre’s shopping centers partner with cultural institutions to help them reach a much wider audience than would normally visit a gallery or museum. Not only do these partnerships contribute to the Group’s goal for all its shopping centers to support a local initiative, they provide an opportunity to engage visitors and enrich their time in the shopping center.

The Field’s shopping center in Copenhagen, for example, hosted a “Science On The Run” exhibition organized by the National History Museum, the Ministry of Education & Research and the Danish science museum The Experimentarium. Visitors were able to explore more than 80 exhibits in an interactive and educational setting.

At Porta di Roma in Italy, ten Van Gogh paintings were brought to life through high-definition screens and video mapping techniques. The event attracted more than 15,000 visitors including local school children.

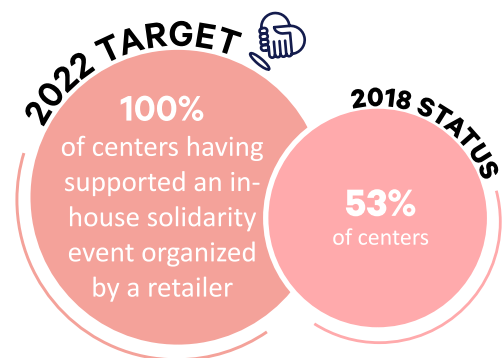
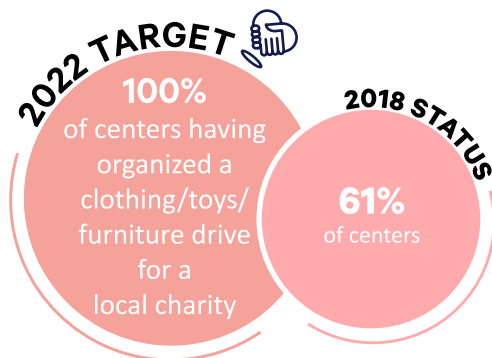
At Beau Sevran in France, the center partnered with the city hall and The Louvre to host an exhibition of original pieces from the museum’s collection. The exhibit was widely advertised through the center’s Facebook page, and guided tours were organized for visitors including schools and day-care centers.

4.3.3 Pursue our responsible citizenship

The Group can play a significant role in encouraging more sustainable consumption patterns. Klépierre is integrating new models of product use and recycling, including closed-loop and circular economy principles into its business model. This includes the Group’s management of waste and resource consumption associated with the operation of its shopping centers and developments, and significantly with its retailers where the Group has set a goal for all shopping centers to have involved their retailers in a circular economy approach, for example by promoting actions to enable products to have a second life (see page 171).

As these principles circulate more widely and gain widespread awareness, the Group is reaching out to its visitors to promote more sustainable forms of consumption, for example by organizing clothing, toy and furniture recycling initiatives that can give a new lease of life to products and benefit the less fortunate in its communities. In line with its partnership approach, Klépierre also supports opportunities to work with retailers to support their sustainability objectives.

► **CORPORATE CITIZENSHIP – SUMMARY OF PERFORMANCE AGAINST COMMITMENTS**



4.3.3.1 Promoting product reuse and recycling among shopping center visitors

Klépierre has set a target for all shopping centers to organize a clothing/toys/furniture drive for local charity. In 2018, 61% of centers organized at least one collection for a charitable organization. The events provide an opportunity to support local communities and charitable organizations, but also prompt visitors to consider wider sustainability implications regarding waste and the inherent value in their used or unwanted items.

At Espace Coty (Le Havre, France), for example, a partnership with Le Grenier—an organization that promotes the economic and social integration of women by recycling and selling second-hand clothing—collected more than 8 tons of unwanted clothes from more than 1,300 visitors. Similar collections were held at Centre Place d’Armes (Valenciennes, France) which collected 4.2 tons of clothes in partnership with Le Relais—an organization which supports employment opportunities through the collection and recycling of unwanted clothes. And Île Napoléon (Mulhouse, France) collected 1.2 tons of clothing for the charity “Terre des hommes” which helps children and their families across 48 countries.

4.3.3.2 Partnering with tenants to magnify our impact

Secondly, the Group encourages shopping centers to support their retailers with their sustainability objectives and offers them the support and visibility they need to make an impact. This not only amplifies Klépierre's community impacts but demonstrates its partnership approach to working with tenants.

As strategic partners on a local, national and international level, there are significant opportunities for both Klépierre and its tenants to work together and extend their individual contributions. Supporting their sustainability initiatives is also an opportunity to demonstrate solidarity over shared goals and build relationships with their customers.

Accordingly, the Group's target is for all centers to support an in-house solidarity event organized by a retailer. In 2018, 53% of centers achieved this by providing logistical support, media coverage through the Group's social media platforms, websites, social networks and relationships with local media organizations that help to drive up awareness among shopping center visitors.

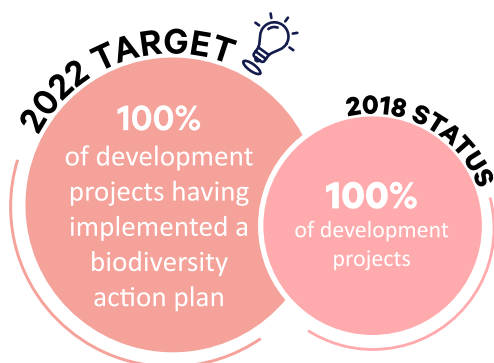
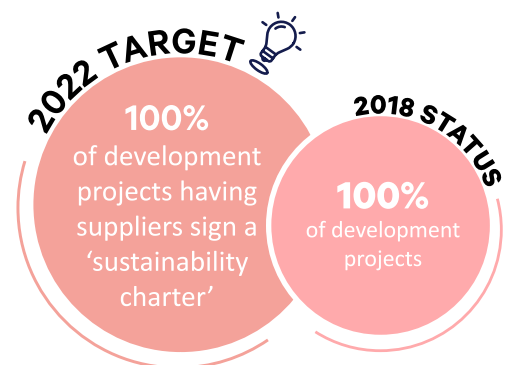
For example, Klépierre worked with Sephora across 30 shopping centers to promote a fund-raising campaign. Sephora encouraged customers to make a small donation to "Women Safe" when they bought a product. Klépierre provided marketing support to raise awareness of the campaign with participating shopping centers advertising it on their website and in local media.

In Italy, Le Corti Venete (Verona) promoted an event by Intimissimi that encouraged customers to exchange up to five pieces of unwanted clothing in return for a discount on their next purchase, and in Campania, 25 restaurants gave their organic waste to produce compost for the Pedagogical garden. Other examples include Le Portet in France where Klépierre and Carrefour jointly promoted an "Act for Food" campaign, and at Créteil Soleil where the center provided marketing and logistical support for a charity event organized by C&A.

4.3.4 Involve local actors' development projects

As well as steps to reduce the environmental impact of the Group's development activities covering both the design and construction of shopping centers, Klépierre has set long-term commitments recognizing both the wider impact of its development activities on their communities, supply chain and biodiversity. The Group's development pipeline focuses predominantly on the redevelopment and refurbishment opportunities of existing assets in major urban centers throughout Europe. These bring with themselves a unique set of challenges, but also opportunities to engage with local stakeholders to influence the design, purpose, facilities and tenant mix of centers, embed supply chain responsibility through the procurement of materials and protect and enhance local biodiversity.

► INVOLVEMENT OF LOCAL ACTORS IN THE DESIGN OF NEW DEVELOPMENTS – SUMMARY OF PERFORMANCE AGAINST COMMITMENTS



4.3.4.1 Local participation

Klépierre consults with local stakeholders as part of the development and planning process. The Group aims for its developments to be participatory processes, and seeks to integrate stakeholder views into the process to secure local support and contribute to the commercial success of the projects. As well as meeting legal requirements in many of its markets, actively seeking stakeholder views and consulting with the communities surrounding projects from the outset provides valuable insight on a range of issues and offers a unique opportunity to integrate mutually beneficial outcomes into the project.

Accordingly, the Group has set a long-term target to guarantee that all Klépierre development projects include a locally agreed participatory initiative. Most recently, these include Prado shopping center in Marseille, France, where Klépierre consulted extensively with the local municipality and residents, conducted traffic impact studies and set up a hot line to collect feedback during construction works. At Hoog Catharijne in Utrecht in the Netherlands, Klépierre has presented at a meeting for residents organized by the municipal authority. The Group is formalizing its approach to share best practice and ensure a consistent standard is applied to all new developments.

Elsewhere across Klépierre's portfolio, shopping center managers consult regularly with community members over proposed developments and local issues. Boulevard Berlin (Germany) for example hosted a consultation attended by the local community, mayor and shopping center management team to discuss topics relating to the center and the wider municipality, such as transport issues and future development plans. Similarly, Créteil Soleil (near Paris, France) organizes two meetings per year to inform residents about new projects. In 2018, this included a consultation around the extension of the shopping center and its impact on the community that was attended by 100 residents and deputy mayor for the municipality.

4.3.4.2 Supplier participation

As well as impacting the local community, the Group's development activities have a significant impact through their supply chain, from the procurement of construction materials and construction site management. A priority for Klépierre is working with its suppliers to ensure the Group's sustainable procurement standards are shared with its suppliers and embedded in the procurement process.

Accordingly, the Group has set a long-term target for all suppliers at Klépierre development projects to sign a "sustainability charter" covering both procurement and construction site management. The charter sets Klépierre's expectations in relation to the specific nature of each project, from materials selection, employment condition and broader community impacts. By signing the charter, suppliers will commit to minimizing any negative impact of their activities such as air pollution, noise and waste management as well as meeting required standards on working conditions and materials selection.

4.3.4.3 Biodiversity action plans

With a portfolio concentrated in urban areas, Klépierre takes active measures to protect and enhance biodiversity, not just during the operational phase of its shopping centers but also during the design and development of new projects.

The Group's impact on biodiversity is systematically considered for new projects and incorporated into existing shopping refurbishments and extensions. For example, the Group's design and development teams regularly solicit the advice of ecologists during development projects for new assets or extensions of existing buildings to develop a greater understanding of the surrounding natural environment. Their advice guides the architects and developers to consider existing ecosystems and select the most appropriate plant species to preserve local flora and fauna.

As well as a mandatory requirement in some markets, taking steps to conserve and enhance biodiversity aligns with the Group's broader goals around green building certification by supporting credits towards green building certifications such as BREEAM New Construction certification, especially the credits granted toward the "Land Use and Ecology" target.

By the end of 2018, 54% of the Group's assets had implemented initiatives to promote biodiversity beyond legal requirements. These range from partnerships with local wildlife associations and schools to installing wildlife shelters as part of the active management of green spaces.

Measures such as green roofs are a common feature across Klépierre's portfolio and are regularly incorporated in the design stage as a step to protect and enhance biodiversity. Our most recent development in France, the Prado shopping center in Marseille, illustrates this approach and features a green roof under a glass canopy covering 4,200 sq.m. featuring local species adapted to the climatic conditions (see page 172). The features mean Klépierre met its long-term target for all development projects to implement a biodiversity action plan in 2018.

Priorities for 2019

- > To ensure the Group remains on track toward its long-term commitment, Klépierre has begun the process to develop a standardized approach covering all Klépierre development processes with the objective of defining a common approach to biodiversity enhancement. The common approach will define a standard assessment procedure that will assess the significant biodiversity impacts and mitigation measures that can be adopted while allowing sufficient flexibility to account for local conditions.

4.4 ACT FOR PEOPLE

ACT FOR PEOPLE



2022 COMMITMENT

2030 AMBITION



Increase the satisfaction of visitors

> **Make our centers a top destination for local communities**



Promote health and wellbeing in our centers



Offer group employees a positive experience

> **Be recognized as an exemplary employer**



Champion ethics in the local communities

> **Promote more ethical business practices**



Be socially conscious

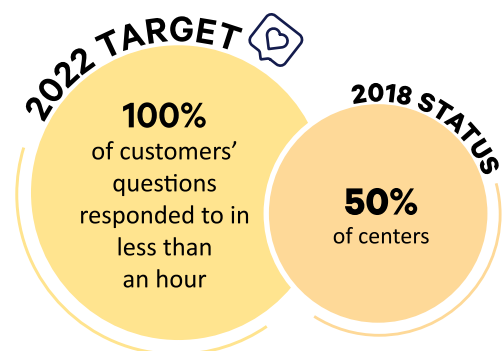
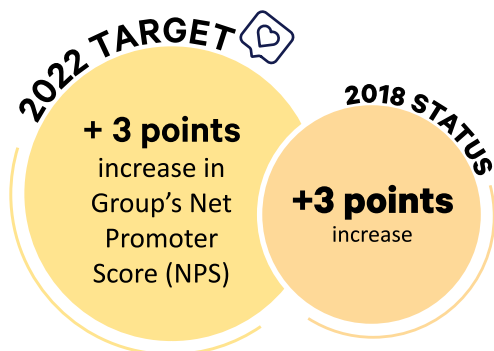
> **Put charity at the heart of our strategy**

4.4.1 Increase the satisfaction of visitors

Rapid advances in digital technology and a simultaneous evolution in individual and social attitudes are continuing to shape retail consumer expectations, habits and preferences. Whilst the popularity of the shopping center format remains high—particularly among the younger generation—an increasing number of purchases are being made online. More than ever before, the value of bricks-and-mortar retail rests on its ability to provide experience; a physical and emotional connection with the products on offer; diversity; convenience and reliability. In this context, more and more retailers are offering omnichannel services, providing customers with a unified experience between multiple online touchpoints and physical stores.

Klépierre aims to offer a shopping center experience that is tailored to the needs of every visitor. The Group's own research has shown that convenience, accessibility, retail mix, friendliness and safety are key factors that influence visitor satisfaction, whilst the offer of wide-ranging and innovative brands, products and services; experiential stores; high-quality dining and entertainment attracts higher footfall and increases dwell time and customer loyalty. Engagement with retailers themselves is paramount to achieving Klépierre's visitor satisfaction goals. The Group's tenants are first and foremost customers, and it is by developing a sound partnership with tenants that Klépierre can most effectively cater to the evolving needs of individual people and communities whom its shopping centers serve.

► VISITORS' SATISFACTION – SUMMARY OF PERFORMANCE AGAINST COMMITMENTS



4.4.1.1 A customer-centric approach

In 2014, Klépierre launched Clubstore®, a concept that showcases the Group's ambition to create exclusive retail places that attract and inspire shoppers. In the spirit of hospitality, Clubstore sets out a process for improving the customer journey across 15 touchpoints identified by Klépierre. First piloted in France, it was a great success with visitors, and Klépierre has since created a set of Clubstore standards to inform shopping center design, services and attitude which is applied across all the Group's assets in the form of the Clubstore Charter.

The Clubstore Charter covers aspects ranging from digital connectivity and online experience to streamlined access and parking; from enticing mall entrances and interiors to creating an indoor environment that appeals to all the senses. Clubstore also serves as an umbrella to a wider-range of customer care projects. For example, Klépierre has been exploring ways to increase the provision of customer care services at a Group level, working with start-ups to test potential offers such as a car-sharing service, a "cut-the-queue" solution, delivery service and car-pooling.

Klépierre carries out regular visitor surveys and monitors online reviews to measure the extent to which it is fulfilling the ambitions of the Clubstore Charter. These surveys also enable the Group to ensure that it remains attentive to latest consumer preferences, obtains feedback about its malls and can fine-tune its offer accordingly. Thanks to the installation of new customer feedback machines, 87 centers in 13 countries have carried out 192,783 surveys (on social network and through direct questionnaires) in 2018. This number has a progression of 41.6% in comparison to last year thanks to a broader coverage and an increase of visitors surveyed. Using a harmonized format, they captured information about the shopping centers' attractiveness, visitors' profiles and loyalty, their retail preferences, their modes of transportation and their expectations about services and events. Surveys were also sent by email to the Group's customer database, containing similar questions.

All Klépierre employees who have direct contact with visitors (over 300 people) have received training on Clubstore, and an internal platform was launched at the end of 2017 to continue the sharing of best practices between staff to promote continual improvement in visitor hospitality.

With customers demonstrating increasing concern for environmental issues, the Clubstore Charter creates important synergies with other aspects of Klépierre's Act for Good® strategy by promoting the integration of externally visible features such as dedicated electric vehicle services; bicycle racks; renewable energy and rainwater harvesting systems, and the use of natural materials and biophilic design elements, eco-efficient lighting systems and LED lamps inside the malls.

In 2018, Klépierre made it a priority to further enliven the synergies between customer marketing and Act for Good®, charging the central marketing team with the task of ensuring that all local marketing teams are equipped to develop Act for Good-oriented marketing that is aligned to the customer-centric approach. The Act for Good campaigns carried out at six shopping centers in 2018 proved highly successful, receiving impressive social media attention, attracting additional footfall and generating an Advertising Value Equivalent of €142,000. The campaigns were integrated with the Clubstore approach and focused on generating awareness around waste and materials use (see page 172).

The Group's Net Promoter Score (NPS) is also based on findings from the surveys and is calculated based on visitors' responses in relation to the shopping center (as a detractor, neutral or promoter), making it more demanding than a satisfaction rate. In 2018, the average NPS across the Group's shopping centers was 30. Klépierre's target is to increase the shopping centers' average NPS by 3 points, by 2022.

The ongoing deployment of the Group's operational strategy—notably Clubstore®, Destination Food® and Retail First pillars—along with the use of complementary tools to engage with visitors, provide a solid pathway to meeting this goal. Indeed, the Group has identified a positive correlation between a center's NPS score and its age, facilities and general condition, with recently refurbished centers experiencing NPS improvements of up to 30 points.

Klépierre has developed a strong social media presence, with around 4.5 million Facebook fans and Instagrammers and an engagement rate three percentage points higher than the average level for the sector, and this provides another important tool for collecting visitors' feedback and gauging consumer trends. Feedback obtained through social media is shared with service providers including security, cleaning, maintenance and visitor support teams, and owing to their delivery in real time, suggestions for improvements are responded to immediately, with shopping centers maintaining flexible, customized action plans.

Having found that 55% of visitors prefer Facebook Messenger as their preferred way to contact their shopping centers, the Group has created a service in relation to this social network. Called #JustAsk, this service vouches to answer all consumers' questions through Facebook Messenger within one hour during opening hours. It has enabled Klépierre to increase threefold the number of conversations it has with visitors; promote information about shopping center brands, products, promotions, services and events; provide personalized support and obtain feedback that helps to improve visitors' experience of the physical mall. The service is available at 71 shopping centers, and has proven extremely helpful to customers, with a customer satisfaction rate of 95%.

Following the success of #JustAsk, the Group has set a target to respond to 100% of customers' questions on social networks in less than one hour, by 2022. To further support this goal, the Group has piloted the use of a chatbot that provides information about shopping centers' practical aspects; news items and promotions, in real time 24 hours a day, and seven days a week.

Klépierre and PwC have carried out a prospective study on customers and tenants' perception and expectations of shopping centers. PwC surveyed them on their current perception and their vision of centers for 2025. They have interviewed 11 retailers, covering 6 retail segments, 33 retail brands, and 1,890 customers across Europe. Regarding the output of this assessment, many topics close to our Act For Good® strategy emerged: concerns about environmental issues, willingness to support the local economy, wish for employee wellness, preference for products that are produced in a responsible way.

Priorities for 2019

- > Through 2019, Klépierre will maintain its focus on measuring and enhancing customer satisfaction in line with its 2022 commitment. This includes continuing the roll out of #JustAsk, which currently serves around 50% of the portfolio, and sourcing a service provider to deploy the chatbot to shopping centers across Europe and support its potential for greater personalization and interconnection with other digital tools.

- > In 2018, the Group launched a new tool, Critizr, which enables it to collate visitor feedback from surveys and multiple social media and online channels in a single place. Around 100 shopping centers are already covered, and the tool will be rolled out to all remaining centers in 2019. This will enable the Group to obtain better quality data on customers' needs and respond promptly and effectively.
- > Using Klépierre ID, the Group's platform for open innovation, the marketing team is also pursuing an innovation project to simplify the customer journey, and this includes identifying strategies for increased synergies between customer experience and the other pillars of Act for Good®. Some start-ups have already been piloted which, if proven successful on the ground, may be scaled up to country or portfolio-wide, or used as inspiration to develop local partnerships to serve other settings.
- > Finally, the marketing team will aim to promote two events per month in each mall, with three events across the year based on Act for Good® themes.

Rives d'Arcins: France's leading shopping center in customer satisfaction

In October 2018 Rives d'Arcins (Bègles, France) was distinguished as the "Best Retailer" in the shopping center category of the *Capital* magazine survey.

The magazine, in partnership with the Statista Institute, conducted this survey based on feedback obtained online from 20,000 consumers to measure the quality of service provided by more than 1,600 retailers based on three criteria:

1. The attention given to the customers (quality of the welcome, speed of contact, etc.).
2. The level of expertise of the retailers (competence of the staff, quality of the information provided, etc.).
3. Their willingness to recommend the brand to someone around them.

Boosted by an outstanding result for the quality of its customer service, Rives d'Arcins obtained the leading score of 7.61/10 in *Capital's* ranking. This achievement reflects the efforts made by Klépierre Group and the local shopping center team to position Rives d'Arcins as a dynamic and welcoming retail destination that offers a seamless customer journey and emotionally rich experience to the visitor.

4.4.2 Promoting health, safety and wellbeing

Klépierre's malls attract and retain around 1.1 billion visitors across Europe each year. They also provide a workplace for tens of thousands of people. First and foremost, Klépierre has a responsibility to ensure the safety of all shopping center users, guaranteeing that the risk of incidents and injuries is minimized and compliance with all applicable safety standards and regulations is fulfilled. But beyond risk management, health and wellbeing presents opportunities for the Group. By positioning its shopping centers as places where people can feel safe, relaxed and well, and by actively promoting health and wellbeing products, services and activities to visitors and staff, Klépierre can support greater visitor attraction and retention, provide more comfortable work environments for its employees and tenants, and exploit its potential to reach millions of people by connecting with broader efforts to create a healthier society.

Klépierre's health and safety strategy focuses on two areas of action. Firstly, it involves identifying risks and implementing robust risk control practices and staff training to maintain high health and safety standards within its shopping centers, as well as sharing its know-how with its partners and retailers. Secondly, it addresses the safeguarding of the public in the context of heightened security risks. The management of both action areas is overseen by the Group's Safety and Security Department, with support from the Internal Audit team.

Klépierre's approach to health and wellbeing promotion is fully integrated within the Act for Good® program and intersects with the Group's operational strategy in relation to customer service. It encompasses engagement with tenants and consumers to encourage healthier lifestyles.

► PROMOTION OF HEALTH, SAFETY AND WELLBEING – SUMMARY OF PERFORMANCE AGAINST COMMITMENTS



4.4.2.1 Health and safety standards

Implementing a risk prevention and management policy is a top priority for Klépierre. Each shopping center takes responsibility for identifying, assessing and managing safety risks in accordance with the Group’s policy and management systems, which are reviewed on an ongoing basis to ensure that they are efficient and effective across all countries and assets.

Fire, building collapse due to extreme weather or other unforeseen events, major pollution and public health risks constitute the highest priority health and safety risks in the Group’s risk matrix. These risks are addressed through several procedures, including:

- > Crisis management response testing, involving a simulation of an emergency scenario once or twice a year (with or without the presence of visitors) in every shopping center;
- > Dedicated training on health and safety risks and prevention measures, covering aspects such as fire risk prevention, malicious act and terrorist threat, health and safety in the workplace and first aid. In 2018, 4,612 hours of safety and health training were delivered by the Group, involving 475 members of staff;
- > Ongoing monitoring by operational teams and periodic checks by the internal audit function to ensure that all relevant risk controls are in place. This includes the continuous monitoring of cooling equipment to guarantee the prevention of legionella contaminations; bacterial and/or viral propagation. Procedures for legionella control were updated in 2018.

The Group continued its awareness-raising measures designed to minimize safety incidents taking place in day-to-day activities, the most common of which are falls, slips and trips in mall areas and works undertaken at height by tenants’ staff and/or suppliers within shop units. Incidents occurring among visitors are monitored on a regular basis and reported at management level, with incident investigation and data analysis forming the basis of action plans to further improve risk prevention. Although accidents in tenants’ units fall outside the scope of Klépierre’s responsibility, the Group does require tenants to submit plans for any works being undertaken and inspects shop units once these are completed. Based on these plans, Klépierre issues a permit that identifies the significant safety risks associated with the proposed works and recommended preventative measures. Works are inspected on a regular basis by the shopping center safety and technical management team. Additional permits are implemented for any “hot work”—such as welding or metal cutting—and these are inspected every two hours to prevent fire risks.

In the long-term, the Group’s objective is to reduce the rate of incidents involving falls, slips, trips and work at height to a minimum.

4.4.2.2 Security risk management

In 2017 Klépierre created a security strategy to support the Group’s anticipation of and response to threats associated with crime and terrorist risks. Through 2018, the Group proceeded with the implementation of this strategy thanks to the recruitment of a Group Physical Protection Manager to assist operational teams. This has involved creating comprehensive procedures to strengthen security preparedness; carrying out dedicated training and intensifying the level of employee engagement, as well as technical and management supervision.

The formulation of Standard Operating Procedures (SOP) across the portfolio was a notable achievement for the Group. It covers nine material impacts including technical premises, control rooms and management offices protection, response to terrorist attack and ram car prevention. Its implementation involved:

- > Providing every shopping center with a self-assessment tool, enabling each team to assess their local situation and adapt their action plan accordingly;
- > Establishing KPI dashboards connected to the Group’s existing safety data management system (KRIPTOS) to monitor the implementation process;
- > Imparting training on the new procedures, reaching 80% of shopping center managers and 100% of technical directors by the end of the year, and scheduling all outstanding sessions to take place in February 2019;
- > Establishing safety and security as a standard agenda item for team meetings at both management and shopping center levels; and
- > Involving the Group’s Internal Audit Department to ensure compliance with SOPs on all sites.

Furthermore, the Group has made significant efforts to anchor its shopping centers within their unique geographic, demographic, legal and administrative contexts by fostering cooperation with local governments, police and security forces, emergency services and tenants’ security teams. In 2018 this was exemplified through a large full-scale emergency drill at Créteil Soleil (Paris area, France) involving 250 people and 120 vehicles from the fire brigade as part of a regional security exercise.

Conceived as a form of “security symbiosis”, the purpose of these efforts is to enhance shopping centers’ ability to anticipate and respond to security risks whilst at the same time position them as secure and friendly destinations where visitors can have a safe and positive social experience. As well as testing the effectiveness of the Group’s SOP, this and similar drills held at other centers in France and Spain provide an opportunity to train the Group’s senior management and improve coordination with local and regional police authorities as well as emergency response teams.

Experiencing that repression alone (such as security agents) is not sufficient to reach the highest level of safety, Klépierre has developed a complementary social approach (association partnership, collaboration with municipality, institutions, local actors of interest...). Saving useless expenses and increasing final performance, Klépierre is committed all over Europe to deploy its holistic approach of security.

4.4.2.3 Health and wellbeing

Klöpierre seeks to promote health and wellbeing for the benefit of retailers and visitors through various touchpoints.

When developing and refurbishing its shopping centers, the Group sets high standards for health quality, such as the use of materials with low VOC content and effective ventilation systems, and encourages the integration of biophilic design features, as demonstrated using natural light and vegetation in its recently completed center, Prado (Marseille, France). Additional minimum standards covering internal and external lighting levels, indoor air quality and acoustic performance are followed as part of the Group’s committed to achieve BREEAM New Construction Excellent certification for all new developments in excess of 10,000 sq.m. GLA.

During the operations phase, a range of activities are undertaken in relation to visitors and tenants, from promoting regular sports activities to offering meetings with healthcare or nutrition professionals.

The Group has set a target for 100% of shopping centers to promote health and wellbeing by 2022. Currently 56% of shopping centers have implemented this goal.

In 2018, a range of events was held across the Group’s portfolio. There were wellness events at 68 shopping centers, such as the “Wellness Week” at Campania (Naples, Italy) including free check-ups and introduction to different sports such as boxing, judo, karate and gymnastics, as well as Paralympic sports. Akmerkez (Istanbul, Turkey) held a “Wellness Festival” involving conferences with nutritionists and

dieticians, yoga classes, children activities in the garden, food market. Alexandrium (Amsterdam, the Netherlands) organized a Health Weekend in partnership with retailers who distributed free products and held cookery demonstrations and sports workshops for visitors.

Two urban runs were held in Utrecht (the Netherlands) and one in Valenciennes (France), attracting a combined total of around 7,750 participants, organized by Hoog Catharijne and Center Place d’Armes respectively. A Sportmania event with over 70 sports activities which attracted 50,000 people at Plzeň Plaza and a partnership with the local rugby club to promote its sport at Nový Smíchov (both in Czech Republic).

With a focus on disease prevention and support, health screening and fund-raising events were held at several shopping centers, and First Aid workshops at Créteil Soleil (Greater Paris Area, France) and Jaude (Clermont-Ferrand, France) organized by the Red Cross.

Klöpierre is also aiming for 100% of malls to offer dedicated health and wellbeing-related services to retailers. Currently 60% of shopping centers have these services in place, ranging from the offer of free sports sessions for tenants’ staff (e.g., Portet in Toulouse, France) to the integration of childcare services for staff (e.g., Field’s in Copenhagen, Denmark). Other shopping centers have hosted social events, free breakfasts for tenants’ staff to encourage people to meet, socialize and jointly plan activities for their malls.

Through these initiatives and others, Klöpierre’s shopping centers forge closer connections with visitors and tenants. Yoga and sports classes at Corvin Plaza in Hungary, for example, gave rise to a 5% increase in footfall and enabled the center to strengthen its reputation through positive media coverage and a participant satisfaction rate of 100%.

Priorities for 2019

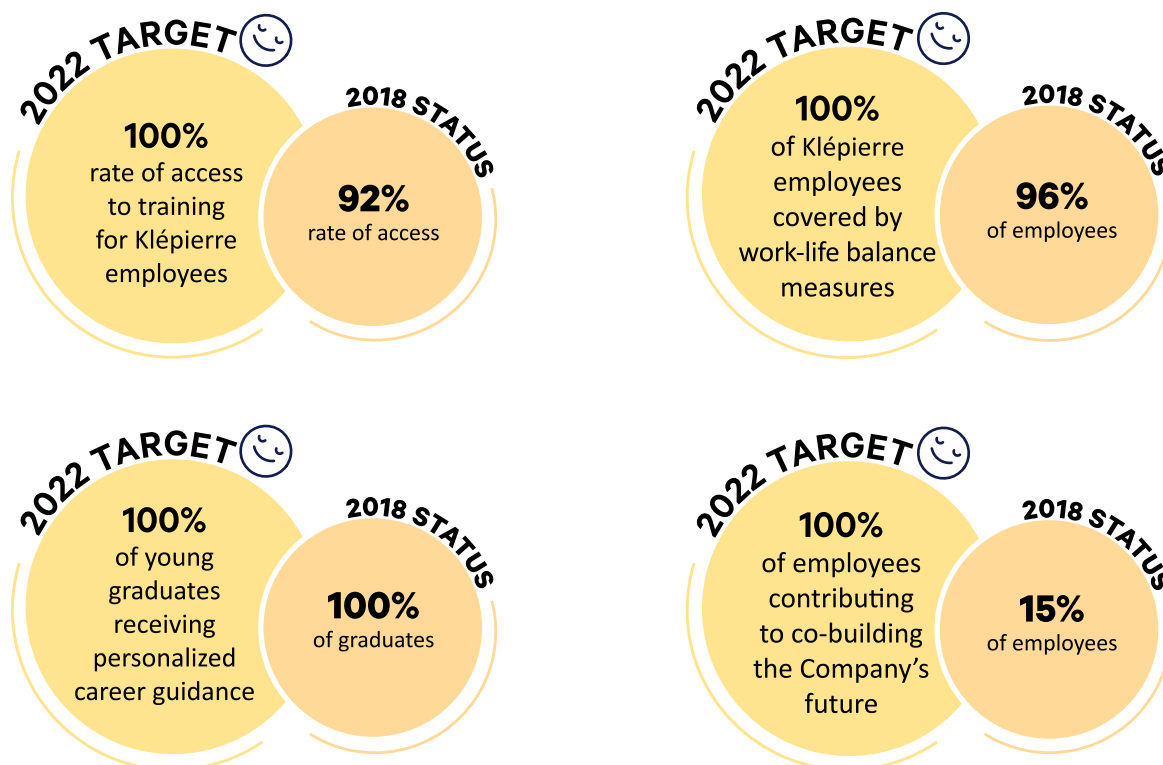
- > With regards to safety and security, 2019 will see the Group continue with the implementation of its 2017 action plan.
- > One priority will be the creation of a technical risks inventory which will allow all shopping centers to track all operational risks in relation to local regulations and Klöpierre standards using a consistent format that can be updated and monitored in real time. Another will be to strengthen collaboration with retailers so that they too can benefit from the knowledge that Klöpierre has accumulated in relation to safety and security management and contribute to the Group’s endeavors to keep its malls safe.

4.4.3 Offer group employees a positive experience

Klépierre has long acknowledged the link between a positive employee experience and business success. Attracting and retaining highly skilled employees, while ensuring their competencies remain relevant and up to date, is a continuous challenge faced by all companies looking to adapt themselves to the future of business. Therefore, the Group commits to provide a quality workplace to breed ground for innovation and creativity.

In Act for People, the third pillar of the Act for Good® overall strategy, Klépierre took four long-term pledges to promote training, personalized career guidance, work-life balance and employee engagement. The following infographic presents the current summary of performance against these commitments.

► POSITIVE EMPLOYEE EXPERIENCE – SUMMARY OF PERFORMANCE AGAINST COMMITMENTS



The Group's Human Resources strategy to fulfil these commitments by 2022 consists in a comprehensive approach to develop talent, foster diversity, ensure the quality of life at work and co-design the Company's future.

4.4.3.1 Talent Management

By the end of 2018, Klépierre directly employed 1,213 employees, among whom 1,164 were on permanent contracts. The continued investment that Klépierre has made in its workforce is reflected by the average length of service of the Group's employees which is 8 years. Considering the number of people who left the Company in 2018, Klépierre recorded a low turnover rate of 9.4%, which reflects positively on its efforts to increase employee engagement and wellbeing.

► WORKFORCE BREAKDOWN AT YEAR-END, BY REGION
(Permanent and temporary contracts)

	2018	2017
France-Belgium	40%	39%
Italy	16%	16%
Scandinavia	12%	12%
Iberia	10%	9%
CE & Turkey	13%	15%
Netherlands	5%	5%
Germany	4%	5%
GROUP	100%	100%

► WORKFORCE AT YEAR-END, BY TYPE OF EMPLOYMENT

	2018		2017	
Permanent contracts	1,164	96%	1,222	97%
Temporary contracts	49	4%	42	3%
TOTAL	1,213	100%	1,264	100%

► WORKFORCE AT YEAR-END, BY WORKING TIME
(Permanent and temporary contracts)

	2018		2017	
Full-time	1,103	91%	1,163	92%
Part-time	110	9%	101	8%
TOTAL	1,213	100%	1,264	100%

► WORKFORCE TURNOVER RATE BY REGION^(a)

	2018	2017
France-Belgium	6.8%	8.8%
Italy	6.0%	4.3%
Scandinavia	19.3%	20.8%
Iberia	5.2%	11.2%
CE & Turkey	11.1%	13.8%
Netherlands	18.6%	25.0%
Germany	16.3%	20.7%
GROUP	9.4%	11.7%

(a) EPRA methodology: (number of resignations + retirements + deaths) / total number of employees on 12/31/N.

4.4.3.1.1 Attraction

Klépierre's ability to attract and retain talented employees is key to its capacity to grow and thrive. By investing in a diverse workforce through recruitment and retention, the Group fuels a sustainable pool of knowledge and skills that remains one of the most important elements of its business and employer brand.

In 2018, 220 new hires joined the Group with the majority being hired by the Group's branches in France and Scandinavia.

► HIRING BY REGION
(Permanent and temporary contracts)

	2018	2017
France-Belgium	76	70
Italy	18	23
Scandinavia	38	39
Iberia	17	16
CE & Turkey	37	46
Netherlands	19	15
Germany	15	19
GROUP	220	228

Note: The change of contract from an external contract to a temporary or a permanent contract is considered as hiring.

As a major player in its industry, Klépierre has developed partnerships with top business and engineering schools in France. HR and business representatives regularly attend their career fairs to connect directly with high potential candidates, with the objective of hiring and training them on the job to circumvent the current talent shortage. The Group offers students exciting internships, apprenticeships, International Work Experience Volunteers (VIEs) and permanent position opportunities. Regarding senior positions, Klépierre mostly works with leading recruitment consulting firms.

The Group also takes advantage of online tools such as the graduate recruitment platform "Jobteaser" to expand the reach of its recruitment activities. Simultaneously, HR operations teams are internalizing more graduate recruitment activities in a bid to access a wider pool of talent.

In August, Klépierre received the French label "Happy Trainees" for the second year in a row. The certification was awarded following an anonymous survey sent to all 70 interns employed by Klépierre France between September 2017 and July 2018. 90% of the French interns participated in the survey and Klépierre received a recommendation rate of 91.9%, far exceeding the 75% bar required to obtain the certification. Klépierre achieved excellent scores for "Career Development" (88.2%) and "Motivation" (85.5%), demonstrating the important investment the Group made to improve its early recruitment policy and the interns' appreciation for their time at Klépierre, both in terms of training and management support.

The Group also continues to hire VIEs, cooperating with the French Government Agency Business France to create international assignments for European graduates. In 2018, 75% of the VIE recruits were hired on permanent contracts at the end of their international assignments.



4.4.3.1.2 On-boarding

In April 2018, Klépierre created two new on-boarding programs at Group and local level. The objective is to enable new employees to acquire essential knowledge about the Company's business lines and build their internal network.

All new senior managers and new joiners on core operational functions are invited to the Group-level on-boarding program which includes presentations by members of the Executive Board and insights

into the Group's organization and current challenges. 51 hires from 12 countries benefited from this initiative in 2018 and came to Paris for a one-day induction split between the head office and Val d'Europe shopping mall.

31 French new joiners on permanent contracts took advantage of the second, local-level on-boarding program that includes two day-long visits to shopping malls with the aim of achieving a better understanding of the business on the field. The Group's target is to extend this on-boarding scheme across all branches and cover all new hires.

4.4.3.1.3 Learning & Development

Klépierre University serves four main objectives:

- > Train new graduates with a general academic background in the Group's specific expertizes;
- > Help the Group adapt to business needs and market changes to increase its agility;
- > Provide a wide range of training to all employees to favor cross-business and cross-country mobility; and
- > Spread a common corporate culture of innovation across all branches.

As one of its four "Act for People" pledges, the Group aims to achieve a 100% access rate to training. In 2018, the rate was already 92.5% vs. 89.5% in 2017.

► ACCESS RATE TO TRAINING BY REGION

	2018	2017
France-Belgium	91.4%	93.0%
Italy	78.8%	62.2%
Scandinavia	95.2%	100.0%
Iberia	100.0%	97.7%
CE & Turkey	100.0%	91.7%
Netherlands	87.4%	92.9%
Germany	88.5%	74.6%
GROUP	92.5%	89.5%

Access rate to training: $100 \times (\text{number of trainees} / \text{annual average headcount})$.

► TRAINING HOURS BREAKDOWN BY REGION

	2018	2017
France-Belgium	36.8%	45.5%
Italy	10.9%	7.3%
Scandinavia	8.6%	10.4%
Iberia	16.5%	11.3%
CE & Turkey	21.6%	19.2%
Netherlands	1.7%	3.8%
Germany	3.9%	2.4%
GROUP	100.0%	100.0%

► TRAINING ACCESS RATE BY MANAGEMENT LEVEL AND GENDER

	Men	Women	Total
Executive Team	100.0%	100.0%	100.0%
Top Management	100.0%	88.1%	99.1%
Middle Management	100.0%	100.0%	100.0%
First Line Management	100.0%	100.0%	100.0%
Non-Management	92.9%	81.1%	84.3%
GROUP	100.0%	86.9%	92.5%

Klépierre University offers more than 100 courses to support business objectives. The Training Department delivered 26,500 hours of training in 2018 through a mix of face-to-face and digital sessions. Klépierre University aims to maximize the delivery of training by internal trainers. In 2018, 27% of classes were given by employees. The Group's target is to reach a 50% rate by 2022.

During 2018, Klépierre University undertook a number of projects to internationalize and digitalize its training offer. On the one hand, the common international training catalog was extended to share and build up a core knowledge foundation for all employees, regardless of their location or business area. The offer has almost doubled from 17 in 2017 to 28 in 2018.

On the other hand, digitalization of the training offer aims to personalize training paths, democratize access and make training lighter and more accessible by encouraging "on-the-go" training. Digitalization helps optimize pedagogy and decentralize training, enables experts to design their own sessions and provides an efficient complementary resource to extend the traditional classroom format. It effectively reduces average learning duration, also optimizing costs. The aim is to focus during face-to-face phases on value-adding learning activities based on interactive discussion and practical application.

Learn UP!

In response to the ever-evolving demands of its marketplace, Klépierre University launched its first mobile training portal in March 2018 across the Group and translated it into eight languages to make it available to as many employees as possible.

At the end of 2018, more than 25 courses were available through the mobile app, representing around 20% of the Group's core training program (up from 3% in 2017). Since its launch, it has established itself as a core component of Klépierre's training offer as it accelerates and facilitates the delivery of training by providing all employees a comprehensive suite of online training modules.

Klépierre employees can now access training when and where they want, from any device (phones, tablets or laptops). This is especially useful to the 60% of employees based in more than 100 shopping malls. This new way of learning enables team members to train easier and faster with personalized learning pathways according to their knowledge and specific needs.

More than 600 employees (51%) completed over 1,180 hours of training using Learn Up! in 2018. Learn UP! also received applause from the Global Talent Observatory in France who honored Klépierre University with a digital innovation award in 2018.

For more figures on learning, please refer to the appendices on page 207.

4.4.3.1.4 Performance and Development Review

The Group has revised its annual appraisal review process in order to answer the management need for a lighter process and greater attention on performance management. The process is now split into two one-to-one meetings; one on performance and the other on career development.

The performance review focuses on performance appraisal and is mandatory for each employee. The 2018 completion rate was 93.5%. The meeting takes place between November and January and aims to assess the accomplishments of the past year and set the employee's objectives for the coming year. It also helps identify the support and training needed for them to progress according to the Group's priorities.

For the first time in 2018, the managers had the opportunity to schedule an additional mid-year performance review. Despite its optional nature, 386 employees (31.8% of the workforce) took advantage of this in 2018.

All managers are expected to take responsibility for the development of their team members by offering feedback and support in setting out personalized improvement action plans. To this end, a new, optional development review, to be carried out upon employee request, was rolled out. It is both a tool and an opportunity available to all employees to describe their mobility wishes in the short term and their mid- to long-term professional objectives. Employees are also invited to self-evaluate their behavioral skills on a form also assessed by their managers.

Through this new development review process, all Group employees are offered personalized career guidance. In 2018, 33.3% of graduates participated in the process, which demonstrates their interest to talk about career development early in their collaboration with the Company.

The Group's recommendation is to have this discussion every two years, and up to once a year for junior employees.

4.4.3.1.5 Internal Mobility

Employee mobility is promoted to support the Group's succession planning and meet employee expectations. Klépierre offers internal job opportunities to employees with potential in order to develop in-depth expertise, take on new responsibilities, consolidate their leadership by managing cross-functional projects and enhance their ability to grow in a multicultural environment.

► INTERNAL MOVEMENTS

	2018	2017
Number of internal movements	89	100
% OF OPEN POSITIONS FILLED BY INTERNAL MOBILITY	29%	30%

Mobility is encouraged by HR practices such as the development interview described above and a proactive learning practice supported by Klépierre University. Local initiatives are also rolled out to foster internal mobility, including a newsletter listing all available positions (accompanied by employee testimonials promoting their business line) is sent out in France.

This set of practices encourages transparency and enables Group HR to favor internal candidates over external hires. In 2018, 29% of job positions were filled internally. All positions in the Company are eligible for internal promotion. For example, the Head of Leasing for Germany was promoted to Country manager.

In addition to intra-country mobility, Klépierre combines international mobility and promotion. As examples of this European approach, the Country manager in the Netherlands was previously Head of Asset Management in Iberia; and the recently promoted Group Head of Leasing was previously Head of Asset Management in the Netherlands.

HR teams from 10 countries coordinate and guide employees throughout the whole mobility process, starting with the identification and matching of job opportunities with the employee's mobility wishes and ending when the employee effectively joins the new position.

4.4.3.2 Diversity

With operations spanning over 16 European countries, Klépierre is inherently a diverse organization. More than 28 nationalities are represented throughout the Group, ensuring a rich cultural diversity. Still, the industry faces diversity challenges, particularly regarding gender balance at top management levels.

Klépierre's Diversity and Inclusion policy prohibits discrimination based on age, disability, family status, race, religion or gender. As a testimony of this long-term commitment, Klépierre signed the Diversity Charter in 2010, demonstrating its will to promote equal opportunities for all employees.

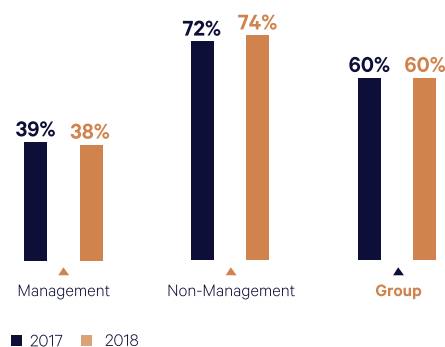
4.4.3.2.1 Gender equality

In France, a complementary agreement on Professional Equality between Women and Men was signed in 2017, covering 40% of the Group workforce and detailing specific measures in the areas of remuneration, recruitment, mobility and training.

Acknowledging the need to improve, Klépierre also plans to launch several measures at Group level starting in 2019. These include systematic analysis and correction of pay gaps and the identification of female high potentials to prepare for the succession of current executive positions.

Gender equality is more generally supported by recruitment, training, career development and mobility opportunities, as well as regular process assessments. In France, for instance, the Group has committed to recruit more female candidates in core functions. Following these good practices, the Group has accomplished significant improvements in recent years, raising the proportion of women at the Executive Management level by 11 percentage points from 2017 to 2018.

► PROPORTION OF WOMEN IN TOTAL WORKFORCE AT YEAR-END



(a) Management: Executive Management + Top Management + Middle Management + First Line Management.
(b) Non-Management: Officer + Assistant.

► PROPORTION OF WOMEN IN TOTAL WORKFORCE AT YEAR-END, BY MANAGEMENT LEVEL

	2018	2017
Executive Management	17%	6%
Top Management	12%	26%
Middle Management	30%	32%
First Line Management	44%	44%
Non-Management ^(a)	74%	72%
GROUP	60%	60%

(a) Non-Management: Officer + Assistant.

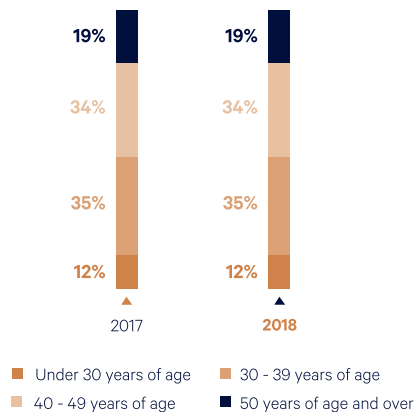
► RATIO OF AVERAGE SALARY (WOMEN TO MEN), BY MANAGEMENT LEVEL

	2018	2017
Executive Management ^(a)	0.96	1.17
Top Management	0.97	0.97
Middle Management	0.68	0.70
First Line Management	0.90	0.88
Non-Management ^(b)	0.90	0.83

(a) Excluding the Executive Board.
(b) Non-Management: Officer + Assistant.

4.4.3.2.2 Age diversity

Regarding age, 12% of employees are less than 30 years old, 69% are between 30 and 49 years old and 19% are more than 50 years old. By maintaining a balanced age structure, Klépierre aims to provide an inspiring workplace to employees at different seniority levels and effective knowledge management within the Company.

► WORKFORCE AT YEAR-END, BY AGE

4.4.3.2.3 Social diversity

Klépierre aims to attract candidates from diverse social backgrounds, including from disadvantaged areas, who would not normally consider the real estate sector without targeted incentives.

Klépierre has been working with the French organization “Article 1” (formerly known as “Passeport Avenir”) since 2017 to help students from underprivileged backgrounds succeed in their academic and professional lives. Klépierre supported eight students in 2018. Through this partnership, the Group has been able to develop new relationships and engage with a more diverse range of students.

The Group also answered the French government’s call to on-board middle school pupils from disadvantaged backgrounds through the “PAQTE” platform in order to give them an insight into its business lines and industry. Pupils are invited to stay with the Company for short observatory periods (between 4 and 5 days).

The Group acknowledges the importance of these initiatives to build social awareness across its own employees and break stereotypes, especially at management level, by offering them the opportunity to exchange with people from different backgrounds.

4.4.3.2.4 Disability

Following a collective agreement with the French Work Council, various initiatives to support employees with disabilities have been implemented. They include raising employee awareness of the need to support colleagues with a disability, training managers to better on-board people with disabilities and ergonomic assessments conducted by occupational therapists to support their comfort and integration in the workplace.

Klépierre France also introduced enhanced social and medical benefits for employees with disabilities. They include additional leave allowances for medical reasons (which has been extended to employees who care for a dependent relative) and financial assistance to cover the purchase of specific equipment, insurance and transport expenses.

► WORKERS WITH DISABILITIES AS A PROPORTION OF TOTAL WORKFORCE

	2018	2017
Number of workers with disabilities	17	18
% OF TOTAL WORKFORCE	1.5%	1.6%

4.4.3.3 Quality of life at work
4.4.3.3.1 Health & Safety

As health and wellbeing concerns have increased in recent years, the benefits of a high-quality workplace on employee engagement, wellbeing and productivity is increasingly acknowledged.

Health and safety is a central component of Klépierre’s commitment to improve employees’ working life. To promote a high-quality working environment, the Group raises awareness and aims to provide health and safety training to all managers and employees.

Psychosocial risks management in the workplace is also a priority for the Group. Mental health and wellbeing risk training was extended to all managers in France in 2018 following the successful coaching delivered to the Group’s Executive Committee and to Spanish managers in 2017. By the end of 2018, 98% of managers in France had received this training which included online modules delivered through the Group’s new learning app “Learn Up!” (see page 192) and face-to-face sessions. The Group also made a free and anonymous psychological assistance helpline available to all French employees in partnership with Axis Mundi, and a similar assistance program is in place in Turkey.

4.4.3.3.2 Work-life balance

In 2018, homeworking opportunities were offered to 375 employees in France as part of a 12-month pilot program to help people balance work and home commitments. Employees who met the pre-requisite conditions (including internet connectivity at home, confidentiality and phone availability during agreed working hours) were able to work from home up to 5 days per month.

The pilot was extended for a further 6-month period at the beginning of 2019, at the end of which an evaluation will assess the project’s potential to be implemented and extended internationally.

The Company also applies a “right to log off” policy outside of working hours following a collective bargaining agreement enacted in France in 2018. In Poland, all employees benefit from flexible working hours while Hungarian employees with children can choose to work from home.

As a result of Klépierre’s investment in this area, more than 96% of employees benefited from work-life balance measures in 2018.

4.4.3.3.3 Wellbeing at work

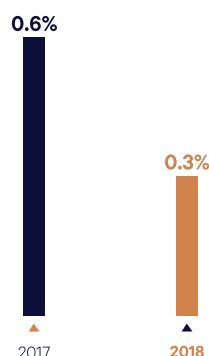
In addition to work-life balance measures, a range of wellbeing initiatives were deployed in 2018. They include fruit baskets in common areas and yoga classes at the French head office, and a physiotherapy service available to all head office employees in Spain and Portugal.

Klépierre also organizes numerous events throughout the year to engage staff at all levels and encourage employees to get to know each other better. Popular initiatives include Happy Hours, “Let’s Chat” meetings and end-of-the-year celebrations organized by each country.

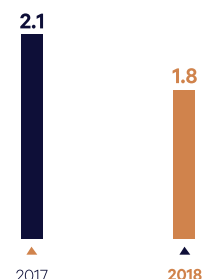
These efforts contribute to reduce absenteeism and accident rates among the Group’s employees, with short-term absenteeism rates maintaining a downward trend over the past two years.

► SHORT-TERM ABSENTEEISM (< 7 DAYS)

RATE



NUMBER OF DAYS LOST PER EMPLOYEE



► WORKPLACE ACCIDENTS

	2018	2017
TOTAL NUMBER OF WORKPLACE ACCIDENTS	6	9
Workplace accidents resulting in time off work	4	2
Workplace accidents resulting in death	0	0
DAYS OFF WORK DUE TO WORKPLACE ACCIDENTS	15	54
Frequency rate of workplace accidents	1.79	0.87
Severity rate of workplace accidents	0.01	0.02
OCCUPATIONAL ILLNESSES REPORTED	2	0

Note: for workplace accidents, accidents while commuting 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)/(235 x 7.8 hours x annual average workforce + overtime) x 1,000,000.

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)/(235 x 7.8 hours x annual average workforce + overtime) x 1,000.

For more figures on absenteeism, please refer to the appendices on page 208.

4.4.3.4 Co-design of the Company's future

4.4.3.4.1 Long term and direct social dialogue

The Group's approach to employee engagement relies on stakeholder dialogue. Klépierre believes an effective working environment is founded on trust and inclusivity and promotes communication to achieve it. The Group complies with all legal requirements in matters of freedom of association and collective bargaining in its markets. In 2018, 65% of the Group's employees were covered by a collective bargaining agreement.

Klépierre ensures transparent and direct communication between all management levels through informal dialogue and works councils at country level. In 2018, Klépierre's French employees elected a new representative body—the Social and Economic Committee (CSE)—that combines the responsibilities of three previous staff representative bodies: the staff representatives, the Work Council and the Health and Safety Committee. The new body is made up of 26 members and will lead negotiations covering gender diversity, compensation and benefits, working conditions and profit sharing. Klépierre's Chairman of the Executive Board will attend the Social and Economic Committee meetings on a regular basis to ensure continuity with the Group's strategy.

Together, Klépierre management and the staff representatives concluded a number of collective agreements covering the France entity. These covered topics including working time, Sunday work, savings plans, health care, disability (see appendix page 208), "right to log off" and gender equality. This dialog will continue in 2019.

Instead of conducting a new "You & Klépierre" employee survey in 2018, the Group continued to implement the measures identified following the last survey (conducted in 2016), focusing on the "Act for Good" strategy launched at the end of 2017. A central objective was to raise awareness of the long-term commitments and ambitions the Group has set for itself, and the role each employee can play to achieve them.

Specific improvement actions have also been implemented focusing on two areas: improving internal communications at Group level (including between branches and the headquarters) and accelerating the Group's talent management policy (see page 189). As an example of these actions, small-scale "Let's Chat" breakfast meetings with the Chief Executive Officer have been offered to employees as an opportunity to exchange direct feedback about the Group's strategy and the state of the industry. The "Let's Chat" sessions have taken place throughout 2018 to collect local feedback and will keep running in 2019.

More broadly, the Group's internal social network, "Workplace by Facebook", has been implemented across all locations since June 2017 and connects virtually all of Klépierre's employees. Everyone is encouraged to join and the social network has established itself as the go-to place to share individual and collective initiatives, experiences, achievements and new ideas. By the end of 2018, 90% of the Group's employees had set up their accounts and contributed to discussions dedicated to Group, country and business projects, such as Destination Food® or Let's Play®.

4.4.3.4.2 Fostering employee innovation

Innovation is essential to the Group's success. By encouraging the exchange of ideas, Klépierre positions itself as a leader in the retail real estate sector. To this end, the Company aims to achieve a target of 100% of employees actively contributing to the building of the Company's future by 2022.

Internal innovation is led by a network of 28 ambassadors coming from ten different branches, representing virtually all of the Group's business lines divided into nine project groups tackling some of the most pressing issues encountered by the Group: innovative services, security, events and entertainment, new ways of working and more. These 28 ambassadors are part the Group-wide "Klépierre ID" open innovation platform that aims to create value for the business by responding to fast-evolving technological, social and environmental factors that are transforming the industry.

The innovation and implementation proposals delivered by these nine project groups are regularly assessed by the Steering Committee, attended by members of the Corporate Management Team. Successful projects include the VivaTech Learning Expedition in 2018 to offer employees the opportunity to identify innovations which could transform Klépierre's professional practices.

Group-level activities are complemented by local initiatives across countries, such as the refurbishment of the sixth floor of the Group's French head office. The project was the result of a collaborative effort, with all employees involved invited to share their ideas on how the space could be redesigned to support and encourage flexible working. The newly designed floor encourages desk sharing to reduce workspace density and features activity-based zones and social hubs to support employee interaction and collaboration.

Other examples to promote new ways of working have been introduced elsewhere across the Group, such as the development of a coaching program to improve co-working and team coherence in the Netherlands and a recreation room to rest or exercise in Hungary.

Overall, 15% employees already contributed to the co-design of the Company's future in 2018, only presaging of more opportunities to come in the coming years.

4.4.4 Champion ethics in the local communities

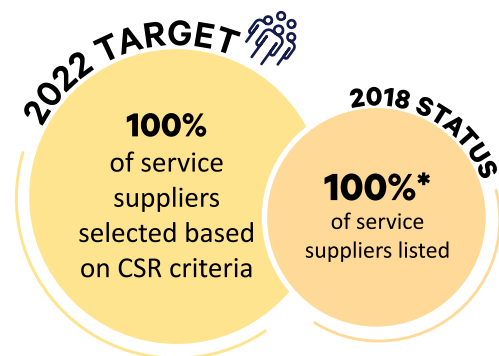
Klépierre has developed its own Code of Professional Conduct which underscores its commitment to ethics and human rights. The Code, which is publicly available on the Group's website and presented to all employees when they join the firm, provides a clear iteration of the Group's commitments and a reference point for ethics training and monitoring procedures.

The Group's policies and procedures are applied systematically across all locations and cover all employees. Human rights standards are also supported by strict national and European regulations. All Klépierre employees, and indeed all of the Group's first-tier suppliers and service providers, are based in countries which have ratified the eight fundamental conventions of the International Labor 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.

Klépierre became a signatory to the United Nations Global Compact in 2012 and renewed its commitment in 2017. To this effect, the Group conducts an annual review of human rights risks, policies, monitoring and reporting procedures across all countries where it operates using the UN Global Compact's analysis tool.

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 its customers, both retailers and visitors.

► ETHICS – SUMMARY OF PERFORMANCE AGAINST COMMITMENTS



4.4.4.1 Code of professional conduct

Klépierre's Code of professional conduct sets out the principles and corporate values to which the Group is committed. It informs all employees about what is expected of them, and what they are entitled to expect from Klépierre Group. Its contents may not match the laws,

regulations and professional standards in every country where the Group operates, but it is applied on the basis that national laws take priority when they impose regulations that are stricter than the Code and, conversely, the Code's stipulates take priority if they are more stringent than national regulations, providing that national regulations are nonetheless respected.

* Calculated on the scope managed by the Group Procurement Department i.e., 35% of Klépierre (key suppliers). Next year will be dedicated to broadening this scope.

The rules of conduct outlined by the Code cover the following aspects:

- > Respect for the law and local customs;
- > Customer service;
- > 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;
- > Political funding;
- > Delegations of authority and signatures;
- > Gifts and invitations;
- > Protection and utilization of Company assets;
- > Adherence to procedures applicable to invitations to tender and procurement;
- > Whistleblowing;
- > Health and safety;
- > Prevention of acts of discrimination and harassment and respect for privacy;
- > Environmental responsibility.

Adherence to the Code of Professional Conduct is the duty of all Klépierre Group employees, who make a formal commitment to uphold its rules. In line with Klépierre's target to promote business ethics to 100% of employees and stakeholders, the Code was sent to all employees in 2014 and 2015, and all new joiners receive a copy of the Code and are required formally acknowledge that they have read it.

A whistleblowing procedure is in place throughout Europe and is available to all employees. It is supported by an outsourced, independent facility which can be contacted at any time, and all reports are anonymous where this is permitted by local regulations. No breach or violation of the Code was reported through this procedure in 2018.

The Group's Internal Audit team undertakes annual ethical risk assessments to monitor the risks associated with the Code, and reviews and updates the Code and its associated procedures accordingly. The recent rise in external fraud attempts via computer hacking has increased the level of priority accorded to fraud risk, and the Group is applying increased vigilance using audit and protection tools, including secure systems access and employee training.

4.4.4.2 Enhanced anti-corruption procedures

The introduction of the Sapin II law in France, which came into force in 2017, stipulates that companies of a certain size must establish an anti-corruption program to identify and mitigate corruption risks. This includes obligations to develop a Code of Conduct; internal whistleblowing mechanism; risk mapping; third-party due diligence, accounting controls; a compliance training program; a disciplinary regime and internal evaluation controls.

The Group has developed an evaluation procedure for third parties in response, and during 2018 face-to-face training on Sapin II and the European Union's fourth directive against money laundering and terrorist financing was delivered to 118 employees in leasing, asset management, development, investment and M&A teams (i.e., those deemed to be most exposed to corruption risks).

The requirements of this law also prompted Klépierre to review and update its Anti-Corruption Code of Conduct which was approved by the Group's employee representative bodies in 2018. The new Code was sent by email, in both English and French, to all internal and external Group employees by the CEO in January 2019, and is available to download on the Group's website.

During 2019 we will continue with the implementation of compliance risk assessments in accordance with Sapin II. Reporting of instances of non-compliance is managed through the existing framework and whistleblower procedure which guarantees anonymity.

4.4.4.3 Responsible purchasing

Klépierre's first-tier supply chain is characterized by five major service categories, which together represent an average 90% of the Group's operating budget across Europe. These are: utilities (energy and water); general operations; cleaning; maintenance; and safety and security. Overall, the provision of services across these main categories is closely controlled. The utilities market is strictly regulated throughout the countries where the Group operates. Most of the Group's service providers for cleaning, security and maintenance employ teams are based in the shopping centers, which allows for easier engagement and monitoring.

Rather than viewing its service providers as external "suppliers", Klépierre prefers to build relationships based on partnership, trust and mutual respect. The Group is proud of its reputation of maintaining on-time payments to service providers and endeavoring to develop long-term relationships which extend beyond the bounds of each formal contractual agreement.

To ensure effective management of operational risks linked to purchasing and optimizing the Group's performance in this area, a purchasing team was created in 2014 with objectives to streamline the purchasing process; secure, evaluate and monitor a specific pool of approved suppliers and improve operational margins.

Following the integration of Corio's assets into the Group's portfolio, the team implemented a Supplier Relationship Management System (SRM) which is applied consistently across all 16 countries where the Group is present. Whilst the Group does not maintain a central procurement function, procedures for the coordination of international purchasing have been created. Information on all tenders completed in France is shared across all countries and regions, where procurement is carried out locally according to the specific context. Procurement decision-making is supported by mixed disciplinary teams, and overseen by Country Heads, Operational and Procurement Directors.

In 2018, Klépierre purchased around €450 million worth of services and supplies for the operational management of its shopping centers. These operating expenses are subject to extensive scrutiny as they are mostly passed on to tenants through the service charge. Retailers demand transparent and effective budget management; hence the Group is continually seeking to realize cost savings on behalf of its tenants, and several steps have been taken in recent years geared towards this objective. Recent examples include a call for tender in France following the Group's decision to seek cost savings by consolidating natural gas contracts across its portfolio, and the renegotiation of waste contracts was also conducted in 2018 with the same objectives.

The Group also operates a stringent selection and approval processes; the signing of framework agreements and continuous on-site monitoring ensures that risks in relation to operating expenses are identified and minimized. The same level of diligence is also applied to non-recurring expenses.

Furthermore, the purchasing team and personnel involved in procurement decision-making give close attention to corporate responsibility and business ethics aspects. Firstly, they follow two fundamental principles: neutrality, to ensure fair, ethical, objective and transparent processes; and the consideration of the life-cycle cost of purchased products. Secondly, they have progressively incorporated the Group's social and environmental commitments into contractual agreements, with emphasis on the following items:

- > *Economic*, including financial position, business ethics, and proportion of revenue derived from business with Klépierre Group (which must be no more than 22%);
- > *Environmental*, including the use of environmentally-sound products and materials; energy efficiency; waste management, and the establishment of innovative processes to reduce environmental impacts;

- > *Social*, such as measures to combat undeclared work; forced or child labor and ensuring that work conditions and work time hours are respected.

The procurement team supports these efforts by engaging with key suppliers on a regular basis. This includes an annual meeting with the Group's key suppliers to share challenges and identify opportunities to work with Klépierre on shared sustainability objectives.

Last but not least, Klépierre's Responsible Procurement Charter was created in 2018 to reflect the launch of the Act for Good® strategy, and which sets out the standards which the Group expects of its suppliers in relation to environmental and social aspects. More specifically, the Charter sets out requirements in relation to human rights; ethics; security; energy performance; waste management; sustainable behavior; local development and building certifications, and it requires a signature of formal commitment from all Klépierre's service providers.

Overall, service providers holding a certification are preferred, as the Group believes that this ensures the implementation of more responsible practices. Across Europe, 80% of key providers and suppliers have at least one certification, primarily ISO 9001 or 14001, and the Group will endeavor to maintain this as the minimum level for supply chain certification.

► SHARE OF CERTIFIED GROUP KEY SUPPLIERS

	Cleaning suppliers	Safety suppliers	Facility management suppliers
France-Belgium	42%	92%	38%
Italy	97%	79%	79%
Scandinavia	100%	100%	100%
Iberia	100%	95%	100%
CE & Turkey	90%	96%	96%
Netherlands	100%	100%	100%
Germany	28%	100%	92%
GROUP TOTAL	74%	92%	72%

Comment on trends: in the daily operation of the Group shopping centers, cleaning, safety and facility management suppliers are our main partners on site. Klépierre is committed to work closely with them with the objective to integrate CSR performance into its value chain. In 2018, more than 99% of these main partners were certified on environment, safety/security and/or quality.

*Scope: 127 shopping centers owned and managed (excluding La Madeleine, Chartres) + 5 managed-only shopping centers.
Coverage rate: 99.9% of shopping centers owned and managed.*

In 2016, a social and environmental performance analysis of the Group's 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 to draw from it a concrete path of actions for engaging its suppliers and subcontractors in a shared responsible approach.

Harnessing supplier innovation for mutual benefit

Klépierre has long engaged with its suppliers to explore how they can jointly tackle shared sustainability challenges. In 2018, the Group decided to reach out to its suppliers in a call for innovation by organizing an "I-Day" at its headquarters in Paris.

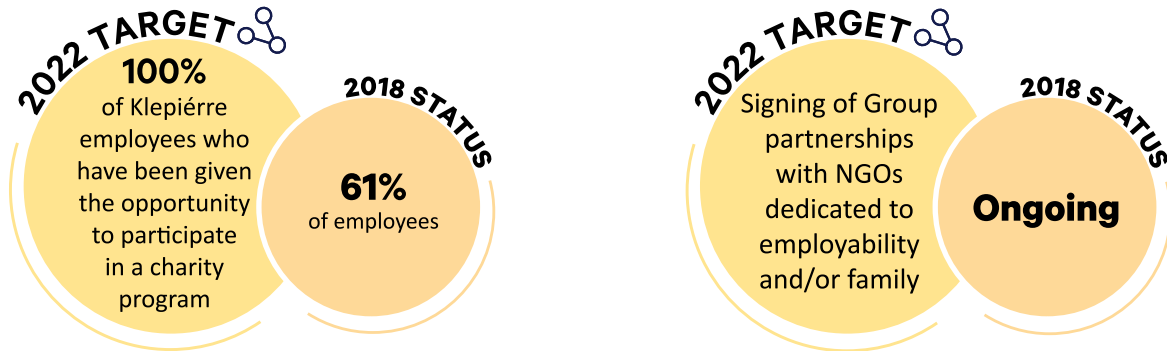
Ten suppliers were invited to pitch their innovative and income-generating ideas to Klépierre's top management. The presentations covered sustainability-focused solutions from car park shading using photovoltaic panels to electric vehicle charging stations and cleaning robots. The winning pitch was a combined presentation from Tri-O and Les Alchimistes who brought together their respective expertise to propose a novel waste solution based on a highly effective electromechanical composter.

As well as supporting the Group's long-term target to achieve 90% recycled waste in its centers, the solution promises costs savings of between 15% and 30% compared to traditional composters and the opportunity to generate new revenue by selling high quality "Made in Klépierre" compost. The solution is currently being tested at Le Millénaire shopping center in Aubervilliers in France.

4.4.5 Be socially conscious

Providing employees with the opportunity to support local charities can make a positive contribution to engagement and satisfaction levels, while at the same time strengthening the Group's ties with its communities. As such, Klépierre encourages its employees to play an active part in their communities and has set a long-term commitment for all employees to have the opportunity to support a charitable organization.

► PHILANTHROPY – SUMMARY OF PERFORMANCE AGAINST COMMITMENTS



During 2018, approximately 742 employees (representing 61% of total workforce) donated their time and energy to support local charitable organizations:

- > 30 employees in the Czech Republic participated in a volleyball competition and raised €400 to support a project that funds school lunches for disadvantaged children;
- > 40 employees from Spain volunteered to support a gift collection and cinema trip for disadvantaged children. Klépierre provided a \$5,000 donation;
- > Also in Spain, employees at La Gavia volunteered with a local church to support underprivileged families. Together with matched funding from Klépierre they raised €6,700. Employees also support a food bank that has benefited almost 300 families and 100 children; and
- > Every Thursday, employees from the Portugal head office spend time accompanying elderly people in the Group's shopping centers. The head office also partners with a local church and employees volunteer to help elderly residents either at home or on trips to the doctor.

► SHARE OF SHOPPING CENTERS HAVING ORGANIZED AT LEAST ONE PHILANTHROPIC ACTION DURING THE YEAR
(Reported scope)

	2018
France-Belgium	83%
Italy	95%
Scandinavia	89%
Iberia	63%
CE & Turkey	91%
Netherlands	92%
Germany	60%
GROUP TOTAL	84%

*Comment on trends: working closely with local networks around our centers is at the very heart of Klépierre CSR strategy. In 2018, 84% of our centers organized a charity initiative together with their customers and in partnership with an NGO to answer the needs of their communities.
Scope: 127 shopping centers owned and managed (excluding La Madeleine, Chartres) + 5 managed-only shopping centers.
Coverage rate: 99.9% of shopping centers owned and managed.*

These charity actions took place on a cumulated amount of time of 8,636 days and more than 59,000 sq.m. were dedicated to those initiatives in all centers.

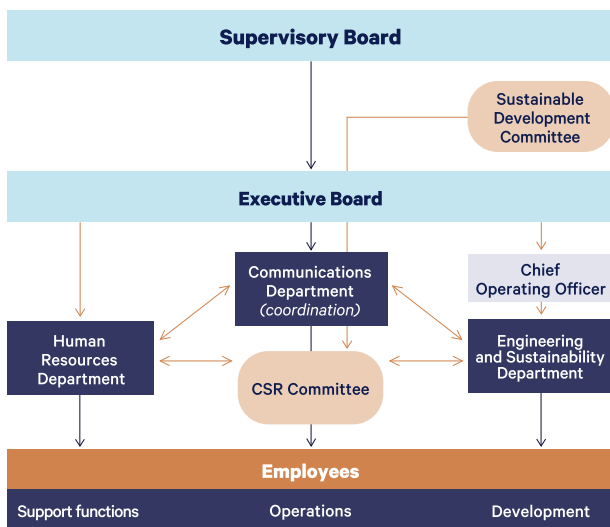
All over Europe, around 435,000 beneficiaries were reached by Klépierre philanthropy actions.

4.5 SUSTAINABILITY GOVERNANCE

Klépierre's sustainability strategy is firmly rooted in the Group's management structures. The commitments are implemented across all countries and supported by dedicated tools to monitor and track performance. Sustainability is also applied in the various external initiatives in which the Group participates.

4.5.1 Organization

Sustainability governance is well established and rooted in Klépierre's corporate operations and governance structure.



The Supervisory Board has overall supervision of the Group's sustainability performance. The Board is supported by the Sustainable Development Committee which reports to the Board and reviews the Group's processes and performance with regards to sustainability.

The Committee is composed of four Board members and is chaired by Steven Fivel, General Counsel and Corporate Secretary of Simon Property Group, Klépierre's leading shareholder. It met three times in 2018.

The **CSR Committee** supports Klépierre's **Executive Board** in the implementation of the Group's sustainability strategy. The Committee is responsible for setting targets and approving action plans and reports to the Board on the results achieved. Its members include members of the Management Board, the Engineering and Sustainability Department, Human Resources Department and the Communications Department, as well as other relevant functions (including operations and development). The Committee met four times in 2018 and works in close collaboration with the following Group-level departments:

- > The **Engineering and Sustainability Department**, which brings together employees responsible for technical engineering in the centers, operational investments and sustainable development. Within this department there is a Sustainability team comprised of three employees. The Department reports to the Chief Operating Officer and oversees all technical challenges facing the operation of the Group's shopping centers as well as ensuring the implementation and circulation of the Group's environmental and societal policy across its portfolio;
- > The **Human Resources Department**, which oversees the Groups HR strategy including talent management, skills development and performance challenges in line with the Group's values and social commitments;

- > The **Communication Department**, which ensures the effective implementation of the strategy with Country Departments and works collaboration with Engineering and Sustainability Department as well as the Human Resources Department.

Setting country-level goals and implementing actions

Responsibility for implementing Act for Good commitments forms part of the objectives for members of the Executive Board, Country Managers, Country Heads and technical managers and officers at regional and shopping center levels. Moreover, key Act for Good commitments are incorporated into the performance share allocation plans criteria for the Group's main managers.

Country management and operational departments implement the Group's goals and implement the policies that are appropriate to their local environments across Klépierre's 16 markets. Each country then determines its annual action plan—in terms of investment and management—for all the technical and sustainable development issues regarding its performance level and targets. They are supported by best practice guides for energy, waste, water and certification management which define the appropriate actions a country can take based on actions already implemented across the Group.

These action plans are then discussed at a special annual meeting that brings together the whole European network, before being presented to the Group's Chief Operating Officer.

A network of approximately 30 employee representatives covering all Klépierre subsidiaries has responsibility for carrying out local actions and reporting on best practices. These representatives work in close contact with head office teams including the Engineering and Sustainability Department through regular monthly meetings. These meetings make it possible to accelerate the rollout of approved actions, 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 Act for Good® approach is systematically addressed in all communications intended for all employees. The Group's Executive Board thus shares its vision, its ambition and its requirements in these areas in a clear and decisive manner.

4.5.2 Sustainability policies

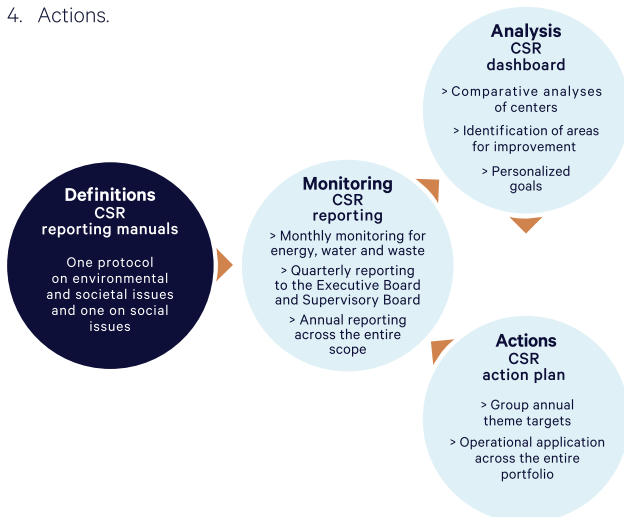
The Group's strategy is supported by the following policies that guide the actions and standards it expects its employees to follow in their business dealings.

- > Social dialog policy;
- > Human resources policy;
- > Employee career development policy;
- > Healthcare and wellbeing policy;
- > Talent management policy;
- > Recruitment policy;
- > Intern recruitment policy;
- > Diversity policy.

4.5.3 Management system and tools

The Group uses a suite of tools and processes to integrate environmental and societal issues into its operational procedures. These tools cover all the Group's operations to provide a uniform approach and are organized into four groups for greater clarity internally:

1. Definitions;
2. Monitoring;
3. Analysis;
4. Actions.



4.5.3.1 Definitions: CSR reporting manuals

The Group has established standard definitions for the environmental, societal and social impacts that all shopping centers are expected to monitor.

The definitions are grouped into two reporting protocols:

- > One on social aspects, which is sent to human resources managers in each country, and which includes both quantitative and qualitative data;
- > The other on environmental and societal aspects, which is communicated to each country and to each asset, and which contains approximately 120 data points to be collected for each shopping center in the portfolio.

These documents are updated annually to reflect developments in the business activities of the Group, and changes to regulation in each of the Group's operating countries.

4.5.3.2 Monitoring: CSR reporting

In 2018, more than 99% of Klépierre's portfolio monitored performance data against the defined impacts and performance indicators. Internal reporting in each country is led by the technical and operational teams.

4.5.3.2.1 Environmental and societal issues

- > Center managers and technical directors monitor utilities, consumption (Energy and water) and waste production at least once a month. 77% of centers are also equipped with energy measurement systems that enable automated reporting (by directly hooking up to utility suppliers, for example) and provide real-time analyses of the actual performance of assets. Performance data is collected and analyzed using DEEPKI, a tool which allows for a standardized approach to monthly reporting of energy, water and waste data. Using

DEEPKI, the Group can analyze data at shopping center and portfolio level; control for climate factors, and undertake a robust shopping center performance benchmarking assessment.

- > At the Group level, energy, water and waste performance indicators covering the Group's entire portfolio are reported quarterly to the Executive Board and to the Supervisory Board's Sustainable Development Committee. Reporting is made annual for all CSR reporting indicators.

4.5.3.2.2 Social issues

Social data are processed using an information system shared with all Group human resources teams, thereby enabling standardized and structured management of the data, based on a single repository.

This data and supporting qualitative information is compiled every quarter by the Group Human Resources Department to monitor social indicators, providing oversight of the performance and wellbeing of employees as well as monitoring Klépierre's human resources policy.

4.5.3.3 Analysis: CSR dashboard

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

DEEPKI allows Klépierre to consolidate the main technical and sustainable development management indicators for each center monthly and compare their performance against other centers in its portfolio that are comparable from a technical perspective. This is based on key variables such as retailer density; car park management; coverage of heating and cooling supply; surface area and inauguration and/or renovation. This allows the Group to identify the strongest and weakest performing assets in its portfolio and target energy management interventions accordingly.

4.5.3.4 Actions: CSR action plan

The detailed performance analysis described above makes it possible for the Engineering and Sustainability Department to identify areas for improvement at all levels, and to identify at the beginning of the year:

- > Shared Group goals, each country then implements them within its own organization, in line with the most suitable local processes and regularly reports on them during the year;
- > Proposed individual goals, by shopping center, for the energy, water and waste. These goals are discussed with each country department for possible readjustment considering local conditions. Once jointly approved, these goals are implemented in each center. Progress is monitored monthly.

All these goals are first approved by the internal CSR Committee chaired by the Executive Board.

One of the key strategies Klépierre has pursued on this front has been to create "boost" action plans for poorer performing assets. This is undertaken through a rigorous process: the Group convenes specialist and on-site staff for two-day long workshops to assess each shopping center's operations and consult with all relevant members of the shopping center team to develop a plan of action that is practical and feasible. This inclusive approach helps on-site staff to understand and manage their asset better and galvanizes greater support for the deployment of energy efficiency interventions.

For shopping centers that have already implemented all identifiable operational measures to increase energy efficiency, investments are made to upgrade technical equipment. The DEEPKI platform is linked to the Group's budget planning, so that capex approvals can be moderated according to whether or not shopping centers have been diligent in implementing all operational energy efficiency measures identified.

4.5.4 Industry initiatives and charters supported by Klépierre

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

International Council of Shopping Centers (ICSC)

The ICSC 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)

EPRA's members include more than 200 European listed real estate companies. EPRA publishes the EPRA Sustainability Best Practice Recommendations (sBPR) that aim to establish a standardized approach to reporting on the environmental and social impacts that are material for publicly traded real estate companies. Klépierre is a member of the Sustainability Committee.

French Council of Shopping Centers (CNCC)

CNCC promotes and represents the shopping center industry in France. Klépierre is involved in the Sustainable Development Commission which is tasked with the oversight, sharing of best practice and coordination of industry players.

French Real Estate Association (FSIF)

FSIF promotes and represents the shared business interests of French real estate companies, including sustainability through awards and member discussions.

Global Real Estate Sustainability Benchmark (GRESB)

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

United Nations Global Compact

As signatory to the United Nations Global Compact since 2012, Klépierre makes an annual Communication on Progress summarizing its commitment to implementing the 10 universal principles promoted by the Global Compact (covering human rights, labor standards, the environment and the fight against corruption). In 2017, the Group reached the "advanced" level in this improvement process, thus affirming the maturity of its commitment and accomplishments.

Charter for energy efficiency of tertiary buildings

Launched in 2013, the Charter provides a framework for real estate companies to improve the energy efficiency of their portfolios and anticipate future regulatory obligations related to tertiary buildings' energy performance. The Group has been a signatory since November 2013 and signed up again in 2017 following publication of the new version of the charter.

Diversity Charter

Launched in 2004, the Charter commits signatories to promote diversity in their workplaces and confirm their commitment to non-discrimination and equal opportunities. Klépierre has been a signatory since 2010.

Charter for Parenthood

Enacted by the French Monitoring Agency for Parenthood in the Workplace (OPE), this Charter promotes better work-life balance and has three objectives: to bring about a change in attitudes towards working parents, to 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 2009.

The Palladio Foundation

Klépierre is a founding member of the Palladio Foundation. The Palladio Foundation was created in 2008 (under the aegis of Fondation de France) to promote sustainable urban development with a focus on construction and buildings. It is a unique organization that brings together all sectors involved the building and development of towns and cities to make urban environments as human and livable as possible.

Association pour le développement du Bâtiment Bas Carbone (BBCA)

BBCA's goal is to reduce the carbon footprint of buildings, and to promote approaches that help develop low carbon buildings. It has developed a certification program that was published in 2016.

4.6 SUPPLEMENTAL DATA, METHODOLOGY AND CONCORDANCE TABLES

4.6.1 Supplemental data

4.6.1.1 Summary performance against 2022 Act for Good® commitments

► ACT FOR THE PLANET

	2018	2022 commitment
ACT FOR A LOW-CARBON FUTURE		
Reduction in energy consumption for common areas compared with 2013	(17%)	(40%)
Percentage of electricity coming from renewable sources in the total consumption of electricity of common areas	73%	100%
The five biggest shopping centers in our portfolio are committed to having a positive carbon footprint within five years	Ongoing	Carbon neutrality
Certification of the Group's climate strategy by the Science Based Targets Initiative	Ongoing	Certified
CONTRIBUTE TO A CIRCULAR ECONOMY		
Percentage of waste diverted from landfill	89%	100%
Percentage of centers that have involved retailers in a circular economy effort	45%	100%
DEVELOP A FULLY-CERTIFIED PORTFOLIO		
Percentage of centers that have earned a sustainable development certification (BREEAM In Use, ISO 14001, etc.)	74%	100%
Percentage of development projects that have obtained a BREEAM New Construction certification (with a minimum level of "Excellent")	100%	100%
Percentage of new developments using wood from a certified forest during construction	100%	100%
INNOVATE FOR A SUSTAINABLE MOBILITY		
Percentage of centers accessible via public transportation and equipped with charging stations for electric vehicles	97%/56%	100%

► ACT FOR TERRITORIES

	2018	2022 commitment
PROMOTE LOCAL EMPLOYMENT AROUND OUR CENTERS		
Percentage of local service providers for operational management of the centers (security, maintenance, cleaning services)	80%	100%
Percentage of centers that have contributed to local employment	48%	100%
PARTICIPATE IN THE LOCAL COMMUNITY		
Percentage of centers that have made space available for a local initiative	76%	100%
PURSUE OUR CORPORATE CITIZENSHIP		
Percentage of centers that have organized a drive (clothes, toys, furnitures, etc.) to profit a local charity	61%	100%
Percentage of centers that have supported a citizen's initiative organized by a retailer in the center	53%	100%
INVOLVE LOCAL ACTORS IN DEVELOPMENT PROJECTS		
Percentage of development projects that have included local cooperation as part of the early planning process	100%	100%
Percentage of development projects certifying that suppliers sign a "sustainability charter" governing construction site supply and management	100%	100%
Percentage of development projects that have implemented a biodiversity action plan	100%	100%

► ACT FOR PEOPLE

	2018	2022 commitment
INCREASE THE SATISFACTION OF VISITORS		
Increase in the Group's Net Promoter Score (NPS)	+3 pts	+ 3 pts
Percentage of customer questions asked on social media handled in under one hour	50%	100%
PROMOTE HEALTH AND WELL-BEING IN OUR CENTERS		
Percentage of centers that have promoted health and well-being	56%	100%
Percentage of centers that have offered services to their retailers' employees	60%	100%
OFFER GROUP EMPLOYEES A POSITIVE EXPERIENCE		
Rate of access to training for Group employees	92%	100%
Percentage of employees concerned by measures aimed at achieving work/life balance	96%	100%
Percentage of recent graduates who have benefited from personalized career path support	100%	100%
Percentage of employees who have contributed to the co-construction of the Group's future	15%	100%
CHAMPION ETHICS IN THE LOCAL COMMUNITIES		
Percentage of employees and stakeholders who have been made aware of ethical business practices	46%	100%
Percentage of suppliers chosen on the basis of CSR criteria	100%	100%
BE SOCIAL CONSCIOUS		
Percentage of employees who have had the opportunity to take part in a philanthropic initiative	61%	100%
Partnerships signed with NGOs committed to employability and/ or family	Not yet at Group level	Signature

4.6.1.2 Supplemental environmental data

4.6.1.2.1 Energy

► TOTAL ENERGY CONSUMPTION IN COMMON AREAS

(Reported scope)

In MWh	2016	2017	2018
France-Belgium	95,526	123,616	131,676
Italy	101,156	118,791	114,594
Scandinavia	88,716	81,537	86,091
Iberia	46,262	44,432	40,824
CE & Turkey	77,587	87,465	60,073
Netherlands	15,574	11,981	7,426
Germany	25,358	24,423	24,540
GROUP TOTAL	450,538	492,245	465,224

Scope: 126 shopping centers owned and managed (excluding Hoog Catharijne, Utrecht and La Madeleine, Chartres) + 5 managed-only shopping centers.
Coverage rate: 96.3% of shopping centers owned and managed.

► TOTAL ENERGY CONSUMPTION IN COMMON AREAS

(Like-for-like scope)

In MWh	2017	2018	2018/2017
France-Belgium	126,443	130,525	+3%
Italy	112,811	114,594	+2%
Scandinavia	83,008	86,091	+4%
Iberia	42,514	40,824	-4%
CE & Turkey	67,754	60,073	-11%
Netherlands	11,199	7,426	-34%
Germany	25,123	24,540	-2%
GROUP TOTAL	468,854	464,073	-1%

Scope: 125 shopping centers owned and managed (excluding Hoog Catharijne, Utrecht, La Madeleine, Chartres; and Deux Vallées, Givors) + 4 managed-only shopping centers (excluding Nimes Etoile, Nimes).
Coverage rate: 96% of shopping centers owned and managed.

► SHARE OF ELECTRICITY CONSUMED IN COMMON AREAS COMING FROM RENEWABLE SOURCES

(Reported scope)

	2016	2017	2018
France-Belgium	10%	14%	72%
Italy	78%	75%	76%
Scandinavia	88%	88%	87%
Iberia	85%	85%	92%
CE & Turkey	32%	45%	28%
Netherlands	100%	99%	100%
Germany	33%	71%	78%
GROUP TOTAL	58%	60%	73%

Scope: 126 shopping centers owned and managed (excluding Hoog Catharijne, Utrecht and La Madeleine, Chartres) + 5 managed-only shopping centers.
Coverage rate: 96.3% of shopping centers owned and managed.

► SHARE OF TOTAL ENERGY CONSUMED IN COMMON AREAS COMING FROM RENEWABLE SOURCES

(Reported scope)

	2016	2017	2018
France-Belgium	12%	19%	56%
Italy	64%	63%	59%
Scandinavia	75%	78%	86%
Iberia	74%	80%	85%
CE & Turkey	23%	32%	21%
Netherlands	79%	86%	100%
Germany	22%	19%	43%
GROUP TOTAL	48%	49%	60%

Scope: 126 shopping centers owned and managed (excluding Hoog Catharijne, Utrecht and La Madeleine, Chartres) + 5 managed-only shopping centers.
Coverage rate: 96% of shopping centers owned and managed.

	France-Belgium	Italy	Scandinavia	Iberia	CE & Turkey	Netherlands	Germany	Group total
Electricity consumption	Photovoltaic solar energy	0%	7%	0%	0%	1%	0%	2%
	Other	0%	62%	0%	0%	6%	0%	20%
	Hydroelectricity	70%	3%	85%	25%	10%	39%	40%
	Wind power	2%	1%	1%	67%	7%	52%	10%
	Solar thermal	0%	0%	0%	0%	0%	0%	0%
	Wood biomass	0%	0%	1%	0%	3%	0%	0%
	Geothermy	0%	0%	0%	0%	0%	0%	0%
	Bio fuel	0%	3%	1%	0%	0%	8%	1%
TOTAL	72%	76%	87%	92%	28%	100%	78%	73%
Urban heating consumption	Wood biomass	24%	N/A	41%	N/A	7%	0%	12%
	Combustion of waste	21%	N/A	23%	N/A	0%	100%	2%
	Geothermy	0%	N/A	17%	N/A	2%	0%	7%
	Other renewable energy	0%	N/A	0%	N/A	2%	0%	0%
	TOTAL	45%	0%	82%	0%	11%	100%	14%
Urban cooling consumption	Geothermy	0%	N/A	29%	N/A	N/A	0%	5%
	Hydroelectricity	10%	N/A	71%	N/A	N/A	0%	19%
	Solar thermal	3%	N/A	0%	N/A	N/A	0%	2%
	Wind power	5%	N/A	0%	N/A	N/A	0%	3%
	TOTAL	18%	N/A	100%	N/A	N/A	0%	0%
% TOTAL OF RENEWABLE ENERGY	56%	59%	86%	85%	21%	100%	43%	60%

► ENERGY CONSUMPTION IN MWH IN 2018

(Like-for-like scope)

In MWh	Electricity consumption	Urban cooling consumption	Urban heating consumption	Fuel consumption	Energy total consumption
France-Belgium	88,562	7,570	16,011	18,347	130,490
Italy	87,809	0	0	26,428	114,237
Scandinavia	60,314	2,813	22,083	837	86,046
Iberia	37,725	0	0	3,090	40,815
CE & Turkey	41,914	0	8,435	9,719	60,068
Netherlands	4,716	871	1,839	0	7,426
Germany	11,869	3,676	8,995	0	24,540
GROUP TOTAL	332,910	14,930	57,363	58,420	463,622

Scope: 125 shopping centers owned and managed (excluding Hoog Catharijne, Utrecht, La Madeleine, Chartres and Deux Vallées, Givors) + 4 managed-only shopping centers (excluding Nîmes Etoile, Nîmes).
Coverage rate: 96% of shopping centers owned and managed.

4.6.1.2.2. Carbon emissions

► EVOLUTION OF THE TOTAL CARBON FOOTPRINT (SCOPES 1, 2 AND 3) – LOCATION-BASED METHOD

(Like-for-like scope)

In tCO ₂ Location Based	2018				
	Scope 1 Emissions	Scope 2 Emissions	Scope 3 Emissions with direct leverage	Scope 3 Emissions with indirect leverage	Total emissions
France-Belgium	3,398	5,907	N/A	428,817	438,121
Italy	4,983	30,031	N/A	558,842	593,856
Scandinavia	197	3,640	N/A	161,587	165,424
Iberia	572	11,541	N/A	218,786	230,898
CE & Turkey	1,798	22,004	N/A	185,341	209,143
Netherlands	0	2,372	N/A	24,025	26,397
Germany	0	6,039	N/A	72,612	78,651
GROUP TOTAL	10,947	81,534	98,166	1,650,009	1,842,910

Scope: 126 shopping centers owned and managed (excluding Hoog Catharijne, Utrecht and La Madeleine, Chartres) + 5 managed-only shopping centers.
Coverage rate: 96.3% of shopping centers owned and managed.

In tCO ₂ Location Based	2017				
	Scope 1 Emissions	Scope 2 Emissions	Scope 3 Emissions with direct leverage	Scope 3 Emissions with indirect leverage	Total emissions
France-Belgium	5,060	5,878	N/A	N/A	10,938
Italy	7,843	32,661	N/A	N/A	40,504
Scandinavia	277	3,781	N/A	N/A	4,058
Iberia	2,298	12,624	N/A	N/A	14,922
CE & Turkey	4,018	27,694	N/A	N/A	31,712
Netherlands	0	5,198	N/A	N/A	5,198
Germany	0	6,176	N/A	N/A	6,176
GROUP TOTAL	19,496	94,011	103,389	1,647,992	1,864,888

Scope: 126 shopping centers owned and managed (excluding Hoog Catharijne, Utrecht and La Madeleine, Chartres) + 5 managed-only shopping centers.
Coverage rate: 96.3% of shopping centers owned and managed.

4.6.1.2.3. Circular Economy

► WASTE DESTINATIONS

(Like-for-like scope)

	Recycled		Reused		Other form of material recovery		Composted		Anaerobic digestion		Material recovery		Incinerated with energy recovery		Other form of energy recovery		Energetic recovery		Incinerated without energy recovery		Landfill		Non recovered		Total	
	tonnage	share	tonnage	share	tonnage	share	tonnage	share	tonnage	share	tonnage	share	tonnage	share	tonnage	share	tonnage	share	tonnage	share	tonnage	share	tonnage	share	tonnage	share
France-Belgium	6,957	30%	17	0%	2,333	10%	44	0%	304	1%	9,655	42%	12,409	53%	221	1%	12,630	54%	3	0%	1,011	4%	1,014	4%	23,299	100%
Italy	4,692	39%	1,229	10%	1,526	13%	1,256	11%	0	0%	8,703	73%	544	5%	343	3%	887	7%	0	0%	2,350	20%	2,350	20%	11,940	100%
Scandinavia	4,181	42%	67	1%	59	1%	751	8%	491	5%	5,549	56%	4,233	43%	64	1%	4,297	44%	0	0%	28	0%	28	0%	9,874	100%
Iberia	3,368	33%	0	0%	531	5%	1,375	13%	0	0%	5,274	51%	4,143	40%	0	0%	4,143	40%	0	0%	901	9%	901	9%	10,319	100%
CE & Turkey	2,398	32%	262	4%	578	8%	104	1%	0	0%	3,341	45%	1,307	18%	0	0%	1,307	17%	315	4%	2,495	33%	2,810	38%	7,458	100%
Netherlands	1,879	52%	0	0%	0	0%	66	2%	0	0%	1,946	54%	1,602	44%	0	0%	1,602	44%	72	2%	0	0%	72	2%	3,619	100%
Germany	307	32%	0	0%	80	8%	89	9%	37	4%	514	53%	460	47%	0	0%	460	47%	0	0%	0	0%	0	0%	974	100%
GROUP TOTAL	23,783	35%	1,574	2%	5,107	8%	3,685	5%	832	1%	34,981	52%	24,698	37%	628	1%	25,326	38%	390	1%	6,786	10%	7,176	11%	67,483	100%

Scope: 118 shopping centers owned and managed (excluding La Madeleine, Chartres; Bologna, Shopville Gran Reno; Valence, Victor Hugo; Duisburg, Königsgalerie; Bordeaux, Saint-Christoly; Bergamo, Seriate, Aile Valli; Varese, Belforte; Angoulême, Champ de Mars; Modena, Grand Emilia; Lecce, Cavallino) + 4 managed-only shopping centers (excluding Nimes, Etoile).
Coverage rate: 97.3% of shopping centers owned and managed.

4.6.1.2.4 Water

► TOTAL CONSUMPTION OF WATER

(Like-for-like scope)

In m ³	2017	2018	2018/2017
France-Belgium	1,045,155	1,029,406	-2%
Italy	1,334,805	1,329,028	0%
Scandinavia	364,409	372,966	+2%
Iberia	385,308	401,117	+4%
CE & Turkey	576,991	595,898	+3%
Netherlands	26,650	23,708	-11%
Germany	124,337	128,198	+3%
GROUP TOTAL	3,857,656	3,880,322	+1%

Scope: 125 shopping centers owned and managed (excluding Hoog Catharijne, Utrecht; La Madeleine, Chartres and Deux Vallées, Givors) + 4 managed-only shopping centers (excluding Nîmes Etoile, Nîmes).
Coverage rate: 96% of shopping centers owned and managed.

4.6.1.3 Supplemental human resources data

► AVERAGE ANNUAL COMPENSATION AT YEAR-END

In euros	2018	2017	Change
France-Belgium	56,145	55,633	+0.9%
Italy	43,304	43,235	+0.2%
Scandinavia	73,960	74,093	-0.2%
Iberia	44,031	43,839	+0.4%
CE & Turkey	28,437	28,222	+0.8%
Netherlands	69,698	73,305	-4.9%
Germany	60,572	56,123	+7.9%
GROUP	52,280	51,769	+1.0%

► ACCESS TO TRAINING

	2018			2017		
	Men	Women	Total	Men	Women	Total
Number of training hours	12,372	14,145	26,517	16,607	17,987	34,595
Average number of training hours per trained employee	25	22	23	33	28	30
Average number of training hours per employee	25	19	21	32	24	27
Access rate to training	100%	87%	92%	95%	85%	90%

► AVERAGE NUMBER OF TRAINING HOURS PER TRAINED EMPLOYEES BY MANAGEMENT LEVEL

	2018	2017
Executive Management	18	23
Top Management	20	22
Middle Management	30	38
First Line Management	29	36
Non-Management ^(a)	20	28
GROUP	23	30

(a) Non-management: Officer + Assistant.

► DEPARTURES BY REASON

(Permanent and temporary contracts)

	2018	2017
Resignations	102	134
Redundancies	24	25
Negotiated departures	72	40
Retirements	6	9
End of temporary contracts	43	41
Other reasons ^(a)	25	17
GROUP	272	266

(a) Outsourcing, transfer, end of trial period and death.

► ABSENTEEISM

	2018		2017	
	Men	Women	Men	Women
Number of days of absences due to illness	2,337	6,871	2,264	6,364
<i>of which absences due to illness of 7 days or fewer</i>	576	1,715	788	1,934
<i>of which absences due to illness of 3 days or fewer</i>	329	817	259	898
TOTAL	3,242	9,402	3,311	9,196

► ABSENTEEISM RATE BY REGION

	2018	2017
France-Belgium	1.9%	1.9%
Italy	1.1%	1.3%
Scandinavia	3.9%	1.7%
Iberia	0.6%	1.4%
CE & Turkey	1.5%	1.7%
Netherlands	3.1%	1.8%
Germany	5.1%	5.2%
GROUP	2.1%	1.9%

*The absenteeism rate is calculated as follows: total number of days lost due to illness, workplace accidents and non-justified absences divided per monthly average of employees * 365. Long-term illnesses are not taken into account.*

List of collective bargaining agreements in France:

- > Agreement on the organization and reduction of working hours – 11/13/2000;
- > Provisional management of jobs and skills agreement – 06/30/2008;
- > Company agreement – 01/27/2009;
- > Company agreement on Sunday work – 03/28/2011;
- > Company agreement relating to employees healthcare costs – 12/04/2012;
- > Company agreement relating to the implementation of a company savings plan (PEE) – 01/07/2013;
- > Company agreement relating to the implementation of a Company Retirement Savings Plan (PERCO) – 01/07/2013;
- > Collective company agreement relating to the incapacity – death – invalidity benefits system of Klépierre Management – 04/09/2013;
- > Profit-sharing agreement – 06/24/2013;
- > Company agreement relating to professional equality between men and women – 02/23/2017;
- > Company agreement on the implementation of the right to disconnect – 05/10/2017;
- > Company agreement on voting by electronic means for the election of personnel representative bodies – 01/25/2018.

4.6.2 Methodological note

Group CSR reporting is one of the key methods of monitoring, organizing and overseeing Klépierre's CSR initiatives. Klépierre uses a comprehensive management system to quantify and pinpoint the main environmental, societal and social impacts of the Group and its activities.

The key reporting principles are as follows:

- > Relevance: material sources of impacts and opportunities for each topic are taken into account;
- > Representativeness: selected indicators are representative of the Group's sites and activities;
- > Consistency: a guarantee that data comparisons by region and period are relevant;
- > Transparency: assumptions and calculation methods are clearly defined;
- > Accuracy and reliability: records are kept at site level and at the various consolidation sub-groups, to ensure traceability.

4.6.2.1 Methodological note for environmental and societal indicators

4.6.2.1.1 Key industry indicators and benchmarks

Definitions of key indicators

A reporting protocol for environmental and societal indicators has been circulated groupwide since 2006 to ensure the consistency and reliability of the CSR reporting procedure and the qualitative and quantitative data published by the Group. It acts as a reference framework for all participants in the reporting process. The protocol is updated each year to ensure that it is as relevant as possible to Klépierre's CSR commitments and strategy, and to take account of feedback received following each reporting period, of regulatory changes and of evolving industry practices and standards.

Above all, it sets out the method for collecting and calculating the data underlying the indicators, including definitions, scopes, units, formulas, contributors involved, data entry processes, etc.

Units of measurement:

- > Portfolio coverage rates are mostly expressed as percentages of the value of the underlying assets (as opposed to the number of assets, for example) in order to better reflect their contribution to the Group's overall portfolio;
- > Energy, carbon and water data are presented both in gross terms (kWh, tCO₂e, cu.m) for the purposes of assessing volumes, and as ratios (gross value divided by floor area or footfall) in order to discern the performance of assets on each of the given topics.

Additional clarifications on topics:

- > Energy efficiency and greenhouse gas emissions of common areas and shared equipment: consumption intensity and energy performance indicators expressed in kWh or kWh/sq.m. only reflect the heating and air conditioning consumption of common areas. They do not measure the entire energy consumption of the given shopping center due to the unavailability of exhaustive data on private-area consumption by tenants;
- > Greenhouse gas emissions are presented using "location-based" and "market-based" methods. For location-based data, emissions factors used in the calculations are sourced from the French Environment and Energy Management Agency's (ADEME) *Bilans GES* database (average national factors). For market-based data, emissions factors are sourced directly from each energy supplier;
- > For energy and water consumption, the Group uses meter reading data (as opposed to invoices) to ensure shorter data collection lead times and greater relevance;
- > Where Klépierre neither owns nor manages head office buildings it occupies, the related consumption data are not included in this report.
- > Water consumption corresponds to drinking water consumption for the entire building in question (both common and private areas), excluding fire safety related usage;
- > Development projects including in the 2018 reporting scope correspond to projects delivered during the course of the year, except for carbon data, for which emissions relating to project construction are spread over the years of the corresponding work.
- > All key indicators are calculated based on actual and exhaustive data. For certain missing data, Klépierre has provided estimates detailed in the charts or tables concerned.

Industry frameworks

The environmental and societal management system takes into account the recommendations included in the four leading industry and/or international frameworks, namely:

- > Global Reporting Initiative Construction and Real Estate Sector Supplement (GRI 4);
- > European Public Real Estate Association (EPRA), Best Practices Recommendations on Sustainability Reporting;
- > French council of shopping centers (*Conseil national des centres commerciaux – CNCC*) – CSR industry reporting guide/Non-financial performance statement;
- > United Nations (UN) – Sustainable Development Goals.

A cross-reference table with the non-financial information presented by Klépierre in this document is provided for each of these four frameworks in section 4.6.3.

4.6.2.1.2 Reporting scope

2018 reporting scope and coverage rate

Acquisitions, disposals and developments (extensions and/or new constructions) may alter the reporting scope and distort the reading of period on period comparisons for the various indicators.

So as to provide data that is both exhaustive and comparable, Klépierre distinguishes between "reported" and "like-for-like" scopes for most of its indicators.

In addition, the notion of operational management, which is specific to the shopping center industry, is used to determine which assets are included in the scope.

The Group's scope aggregates assets owned and managed by Klépierre, and assets managed but not owned by the Group (where data are available), in order to reflect its activities as accurately as possible. Assets owned but not managed by Klépierre are not included in the Group's reporting scope.

Reported scope

The reported scope is used to assess the CSR impact of the property portfolio over a calendar year. It reflects the impacts of management, renovation and arbitrage (acquisitions and disposals) policies. In 2018, it includes:

- > All shopping centers owned and managed by Klépierre (except for Chartres La Madeleine);
- > Assets not owned by Klépierre but managed by the Group on behalf of third parties, for which operational data are available (five shopping centers in France in 2018: Mérignac Soleil in Mérignac, Art de vivre in Eragny, Beaulieu in Nantes, Nîmes Etoile in Nîmes and Belle Epine in Thiais).

Shopping centers acquired and managed by the Group are included in the scope as from the first full year following the acquisition. Real estate development projects are not included in the reporting scope during development or construction, but as from the first full year following completion.

The configuration may vary slightly for assets managed on behalf of third parties. Depending on the situation, Klépierre may have full management of electricity, for example, but be charged by a third party (hypermarket, etc.) for fuel usage. Waste may also be collected by a third party (such as a local authority) on a flat rate basis, for example. Situations can vary greatly, which may in some cases hinder the collection of reliable quantitative data. These methodological choices are framed by the Group's determination to communicate reliable data. Only centers that Klépierre manages outright and has full control over energy, water and waste consumption data are included in the reporting scope, which explains the difference in coverage rates between the various indicators.

Accordingly, the 2018 reporting scope represents 99.9% of the Group's portfolio as of December 31, 2018. This only includes the values of centers owned and managed by Klépierre, as is the case for all coverage rates expressed in terms of asset value (values for centers owned but not managed are unavailable).

Like-for-like scope

The like-for-like scope is used to assess changes in performance across an identical scope on a comparable basis, and reflects the Group's ability to manage and optimize its asset portfolio. It excludes the impact of acquisitions and disposals and includes all shopping centers owned and managed for at least 24 months. However, it excludes shopping centers acquired or completed during the year as well as those not managed for the entire period.

The 2018 like-for-like scope represents 99.9% of the Group's portfolio as of December 31, 2018.

Lastly, where assets are excluded from the scope of a given indicator, they are indicated in the footnotes to the tables and charts in this chapter.

Reporting periods

Klépierre uses two different reporting periods, depending on the indicator. This arises from the Group's determination to minimize the use of estimates and to collect and consolidate real data.

In order to reflect actual data promptly within the short reporting time frame, the Group decided to use a rolling one-year measurement period for consumption indicators.

For all energy, climate change, waste, water and transportation indicators, the reporting period corresponds to a rolling 12 months from October 1 of the prior year, to September 30 of the current year (i.e., October 1, 2017 to September 30, 2018 for the 2018 reporting scope).

All other indicators (certifications, social impacts, etc.) are calculated based on the calendar year, i.e., from January 1, 2018 to December 31, 2018 for the 2018 reporting scope.

4.6.2.1.3 Data collection process

Data collection tool

In 2017, the Group began rolling out an online data collection tool to its entire reporting scope aimed at automating and improving the reliability of data collection for the environmental and societal impacts of its activities. Now deployed for all assets, the online tool is accessible remotely and in real time by all teams onsite in the shopping centers, as well as by the headquarters of the national subsidiaries and by Klépierre's Corporate teams.

The tool was selected for its ability to meet the reporting requirements of the Group's annual publications process, as well as – and especially – for its functionality in terms of the daily monitoring of the buildings owned and/or managed by the Group.

Collection frequency

Consumption and billing data for energy, waste and water are collected on a monthly basis for all assets. Data for certain additional indicators are collected annually, in particular for the production of the registration document.

4.6.2.2 Methodological note for social indicators

4.6.2.2.1 Period and reporting scope

For all social indicators, the reporting period is the calendar year, from January 1 to December 31 of the year under review.

The data collection and reporting scope covers all Group subsidiaries as of December 31, 2018, in which the employees hold employment contracts with the Group.

Changes in scope arise from acquisitions of new entities and disposals of existing entities. Employees within these entities are included in or removed from the Klépierre reporting scope with effect from the month following the transaction date.

4.6.2.2.2 Definitions and clarifications

Workforce: total number of employees at December 31 on open-ended and temporary contracts, regardless of the number of hours worked or duration of employment during the year.

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

Average gross wages: sum of contractual fixed annual salaries of employees in the Group as of December 31, on a full-time equivalent basis excluding variable compensation, divided by the workforce as of December 31 (excluding Executive Board members).

4.6.2.3 Audit by the independent third-party verifier

Over the last nine years, Klépierre has been committed to ever greater transparency and accordingly, all of its non-financial information is independently verified.

This external audit is carried out each year, based on the Group's regulatory obligations and industry best practices.

4.6.3 Cross-reference tables

The tables below propose an analysis of the cross-referencing between the informations published by Klépierre in this document and the main (European and Global) reporting standards for non-financial operations: the Global Reporting Initiative (GRI), the United Nations sustainable development goals and the EPRA Sustainable Best Practices of Reporting.

Non-financial statement

Topics	Registration document
Description of the business model	1.1.2
Description of the principal non-financial risks relating to the Company's business	4.1.2
Description of the policies to identify, prevent and mitigate non-financial risks and their outcomes, including key indicators	4.1.2/4.6.1.1
Respect for human rights	4.4.4
Anti-corruption measures	4.4.4
Climate change (contribution and adjustments)	4.2.1
Circular economy	4.2.2
Food waste	Not included <i>In view of the nature of its businesses, Klépierre considers that this topic does not represent a material risk and does not therefore require inclusion in this non-financial statement</i>
Collective bargaining agreements and their impacts	4.4.3
Measures taken to combat discrimination and promote diversity	4.4.3
Societal commitments	4.3/4.4

Recently published regulations

In view of the very recent publication of French Act no. 2018-898 of October 23, 2018 on combating tax fraud, and French Act no. 2018-938 of October 30, 2018 on promoting fair trade in the agri-food sector and healthy, sustainable and affordable food, Klépierre is unable to include the following topics in its CSR risk analysis:

- > combating tax fraud;
- > combating food insecurity;
- > respect for animal welfare; and
- > fair, healthy and sustainable food.

In the event that any of these topics were to be identified as constituting a principal risk for the Group, it will be treated in the subsequent non-financial statement.

Global Reporting Initiative G4 (2016)

Name of GRI Standard	Number of GRI Standard	Registration document
Economic	200	
Economic performance	201	2.1/2.8
Market Presence	202	1.1.1
Indirect Economic Impacts	203	1.1.2
Procurement Practices	204	4.4.4.3
Anti-corruption	205	4.4.4
Anti-competitive Behavior	206	4.4.4
Environmental	300	
Materials	301	4.2.3
Energy	302	4.2.1.1
Water	303	4.2.2.3
Biodiversity	304	4.3.4.3
Emissions	305	4.2.1.2
Effluents and Waste	306	4.2.2.3/4.2.2.1
Environmental Compliance	307	4.1.3/4.5
Supplier Environmental Assessment	308	4.4.4.3
Social	400	
Employment	401	4.4.3
Labor/Management Relations	402	4.4.3
Occupational Health and Safety	403	4.4.3.3
Training and Education	404	4.4.3.1
Diversity and Equal Opportunity	405	4.4.3.2
Non-discrimination	406	4.4.3.2/4.4.4
Freedom of Association and Collective Bargaining	407	4.4.3.4
Child Labor	408	4.4.4
Forced or Compulsory Labor	409	4.4.4
Security Practices	410	4.4.2.2
Rights of Indigenous Peoples	411	
Human Rights Assessment	412	4.4.4
Local communities	413	4.3.4
Supplier Social Assessment	414	4.4.4.3
Public Policy	415	
Customer Health Safety	416	4.4.2
Marketing and Labeling	417	
Customer Privacy	418	
Socioeconomic Compliance	419	

United Nations Sustainable Development Goals

In 2015, all United Nations Member States have adopted the 17th Sustainable Development Goals. These SDG provide a blueprint for a better and more sustainable future for all. They address the global challenges we face: climate change, poverty, inequality, prosperity, peace and justice. These goals are interconnected and are addressed to citizens, States and companies.

Through our new CSR policy Act For Good® with Klépierre, we want to reiterate our commitment to participate in this shift. According to our 3-tier approach: Act For the Planet, Act For Territories and Act For People, we focus our efforts on goals which are linked to this vision.

SDG	Act For The Planet	Act For Territories	Act For People
3-Good health and well-being			4.4.2/4.4.3
4-Quality education			4.4.3
5-Gender equality			4.4.3
6-Clean water and sanitation	4.2.2.3		
7-Affordable and clean energy	4.2.1.1		
8-Decent work an economic growth		4.3.1	4.4.3
9-Industry, Innovation and Infrastructure	4.2.3		
10-Reduced Inequalities			
11-Sustainable cities and communities	4.2	4.3.4	
12-Responsible consumption and production	4.2		
13-Climate action	4.2.1		
14-Life on land	4.2		
16-Peace, Justice and Strong			4.4.4
17-Partnerships for the goals		4.3.2/4.4.4/4.3.3/4.4.5	

EPRA Sustainable Best Practices of Reporting (2017)

Name of standard SBPR	Number of standard SBPR	Registration document 2018
Elec-Abs	302-1	4.2.1.1
Elec-LfL	302-1	4.2.1.1
DH&C-Abs	302-1	4.2.1.2
DH&C-LfL	302-1	4.6.1.2
Fuels-Abs	302-1	4.2.1.2
Fuels-LfL	302-1	4.6.1.2
Energy-Int	CRE1	4.2.1.1
GHG-Dir-Abs	305-1	4.2.1.2
GHG-Indirect-Abs	305-2	4.2.1.2
GHG-Int	CRE3	4.2.1.2
Water-Abs	303-1	4.2.2.3
Water-LfL	303-1	4.2.2.3
Water-Int	CRE2	4.2.3.1
Waste-Abs	306-2	4.2.2.1
Waste-LfL	306-2	4.6.1.2
Cert-Tot	CRE8	4.2.3.1
Diversity-Emp	405-1	4.4.3.2
Diversity-Pay	405-2	4.4.3.2
Emp-Training	404-1	4.4.3.1
Emp-Dev	404-3	4.6.1.3
Emp-Turnover	401-1	4.4.3.1
H&S-Emp	403-2	4.4.3.3
H&S-Asset	416-1	4.4.2.2
H&S-Comp	416-2	4.4.2.2
Comty-Eng	413-1	4.3
Gov-Board	102-22	5.1.1.1
Gov-Selec	102-24	5.1.1.1
Gov-Col	102-25	5.1.1.1

4.6.4 Independent verifier's report on consolidated non-financial statement presented in the management report

This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the General Assembly,

In our quality as an independent verifier, accredited by the COFRAC under the number no. 3-1050 (scope of accreditation available on the website www.cofrac.fr), and as a member of the network of one of the Statutory Auditors of your entity Klépierre (hereafter "entity"), we present our report on the consolidated non-financial statement established for the year ended on the December 31, 2018 (hereafter referred to as the "Statement"), presented in the management report pursuant to the provisions of the article L. 225 102-1, R. 225-105 et R. 225-105-1 of the French Commercial Code (*Code de commerce*).

Responsibility of the entity

It is the responsibility of the Board of Directors to establish the Statement in compliance with the legal and regulatory provisions including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies applied regarding these risks as well as the results of these policies, including key performance indicators.

The Statement has been established by applying the procedures of the entity (hereinafter referred to as the "Criteria"), the significant elements of which are presented in the Statement and available on request at the Entity's headquarters.

Independence and quality control

Our independence is defined by regulatory requirements pursuant to the provisions of the article L. 822-11-3 of the French Commercial Code (*Code de commerce*) and the Code of Ethics of our profession. In addition, we have implemented a quality control system, including documented policies and procedures to ensure compliance with ethical standards, professional standards and applicable laws and regulations.

Responsibility of the independent verifier

It is our role, based on our work, to express a limited assurance conclusion on:

- > the compliance of the Statement with the provisions of article R. 225-105 of the French Commercial Code;
- > the fairness of the information provided pursuant to paragraph 3 of I and II of article R. 225-105 of the French Commercial Code, namely the results of the policies, including key performance indicators, and the actions related to the main risks, hereinafter the "Information".

Nonetheless, it is not our responsibility to express any form of conclusion on:

- > compliance by the entity with other applicable legal and regulatory provisions, particularly regarding the vigilance plan and the fight against corruption and tax evasion;
- > compliance of products and services with applicable regulations.

Nature and scope of the work

Our work described below has been carried out in accordance with the provisions of articles A. 225-1 *et seq.* of the French Commercial Code determining the procedures in which the independent third party conducts its mission and according to professional standards as well as to the international ISAE standard 3000 - Assurance engagements other than audits or reviews of historical financial information.

The work that we conducted enables us to assess the compliance of the Statement with the regulatory provisions and the fairness of the Information:

- > we took note of the activity of all the companies included in the scope of consolidation, the statement of the main social and environmental risks related to this activity, and, if applicable, its effects regarding compliance with human rights, the fight against corruption, tax evasion as well as the resulting policies and their results;
- > we assessed the suitability of the Criteria in terms of its relevance, comprehensiveness, reliability, neutrality and understandability by taking into consideration, if relevant, the best practices of the industry;
- > we verified that the Statement covers each category of information provided in III of article L. 225-102-1 of the French Commercial Code regarding social and environmental matters, as well as respect of human rights and the fight against corruption and tax evasion;
- > we verified that the Statement includes an explanation justifying the absence of the information required by the 2nd paragraph of III of Article L. 225-102-1 of the French Commercial Code;
- > we verified that the Statement presents the business model and the main risks related to the activity of all the entities included in the scope of consolidation; including if relevant and proportionate, the risks created through its business relationships, products or services, policies, actions and results, including key performance indicators;

- > we verified, when relevant to the main risks or the policies presented, that the Statement presents the information provided for II in article R. 225-105 II of the French Commercial Code;
- > we assessed the process of selecting and validating the main risks;
- > we inquired about the existence of internal control and risk management procedures put in place by the entity;
- > we assessed the consistency of the results and the key performance indicators selected regarding the main risks and policies presented;
- > we verified that the Statement includes a clear and reasonable explanation for the absence of a policy regarding one or more of these risks;
- > we verified that the Statement covers the consolidated scope, i.e. all the companies included in the scope of consolidation in accordance with article L. 233-16 of the French Commercial Code, with the limits specified in the Statement;
- > we assessed the collection process put in place by the entity for the completeness and fairness of the Information;
- > we implemented the key performance indicators and other quantitative results that we considered the most important presented in Appendix 1:
 - analytical procedures to verify the correct consolidation of the collected data as well as the consistency of their evolutions,
 - detailed tests based on samples, consisting of checking the correct application of the definitions and procedures and reconciling the data with the supporting documents. This work was carried out with a selection of contributing entities listed below: Les Passages, Montebello, Serravalle, Nueva Condomina, Villa Arena Amsterdam et Arkaden Torgterrassen Stavanger which cover between 4% and 6% of consolidated data selected for these tests (6% of energy consumption, 5% of water consumption, 4% of waste production, etc.);
- > we consulted documentary sources and conducted interviews to corroborate the qualitative information (actions and results) that we considered the most important presented in Appendix 1;
- > we assessed the overall consistency of the Statement with our knowledge of the entity.

We consider that the work we have done by exercising our professional judgment allows us to express a limited assurance conclusion; an assurance of a higher level would have required more extensive verification work.

Means and resources

Our verification work mobilized the skills of five people and took place between September 2018 and March 2019 on a total duration of intervention of about ten weeks.

We conducted four interviews with the persons responsible for the preparation of the Statement, including the departments for Environment, Human Resources, Health and Safety and Purchasing.

Conclusion

Based on our work, we have not identified any significant misstatement that causes us not to believe that the non-financial statement complies with the applicable regulatory provisions and that the Information, taken together, is fairly presented, in compliance with the Criteria.

Paris-La Défense, March 5th 2019

French original signed by:

Independent Verifier

ERNST & YOUNG et Associés

Éric DUVAUD

Sustainable Development Associate

Jean-François BÉLORGEY

Associate

Appendix 1: The most important information

Social Information

Quantitative Information

(including key performance indicators)

- > Total workforce
- > Turnover (%)
- > Absenteeism (%)
- > Access to training (%) and average number of training hours per employee
- > Share of employees trained to the corruption risk
- > Share of women in the Group and in each level of management

Qualitative Information

(actions or results)

- > Employment (attractiveness, retention)
- > Organization of work (organization, absenteeism)
- > Health and safety (prevention actions)
- > Social relations (social dialog, collective agreements), training
- > Equal treatment (equality between men and women, fight against discrimination, insertion of people with disabilities)

Environmental Information

Quantitative Information

(including key performance indicators)

- > Share of certified areas or in the process of environmental certification (the environmental management system)
- > Primary energy consumption and CO₂ emissions per sq.m.
- > The % of reduction in energy consumption in common areas compared to 2013
- > Share of renewable energy in common areas
- > Group CO₂ emissions (scopes 1 and 2 as well as the evaluation made for scope 3)
- > Share of waste not landfilled and waste recovered
- > Water consumption per sq.m.

Qualitative Information

(actions or results)

- > Use of less-emitting energies
- > Limitation of the exposure to climate change
- > Implementation of sorting solutions and waste recovery
- > Preservation of existing biodiversity on development projects
- > Improvement of technical equipment
- > Building investments to improve the energy performance of buildings

Societal Information

Quantitative Information

(including key performance indicators)

- > The visitor satisfaction rate (Net Promoter Score)
- > Share of centers that promoted health and well-being
- > Share of shopping center managers trained in safety
- > Share of BREEAM In Use certified centers
- > Share of centers accessible by public transport and equipped with charging points for electric vehicles
- > Share of centers that promoted local employment
- > Share of service suppliers selected based on CSR criteria

Qualitative Information

(actions or results)

- > Dialog with retailers and visitors
- > Visitor satisfaction and implementation of well-being and comfort measures
- > Promotion of safety and security in shopping centers
- > Strengthening of green value and environmental quality (quality, labels and certifications)
- > Promotion of local employment around the centers
- > Taking into account CSR criteria in supply blanket purchase agreements