

# 4

## SUSTAINABLE DEVELOPMENT

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## 4.1 Strategy and organization

### 4.1.1 Issues and stakeholders

Klépierre has long believed in the link between economic performance and social environmental excellence. In 2002, the Group began to report non-financial data and information with its financial results.

Since then, Klépierre has developed its corporate social responsibility (CSR) in accordance with two principles: transparency and rooting in operations management.

The requirement of transparency is continually being toughened as Klépierre's property portfolio expands geographically. The Group thus made every effort to consistently monitor as rapidly as possible its non-financial performance across the 16 European countries in which it currently operates, and the information published provides identical data on all its operations and shopping centers.

The rooting in operations management serves as a guarantee of the effectiveness of Klépierre's CSR policy. Previously known as "Good Choices," this policy, which has been renamed "Act for Good® with Klépierre," is one of four pillars of the Group's operating strategy, along with Let's Play®, Clubstore®, and Retail First®.

The content of Klépierre's new CSR strategy is outlined below in section 4.1.2.

### Engage in constructive dialog with stakeholders

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

Commercial real estate is a capital-intensive sector given the amount of investment needed to purchase or develop shopping centers. The contribution of shareholders and financial partners, and consideration for their expectations, are therefore also fundamental to the Group's growth.

In addition, Klépierre works with other players in the shopping center sector. This cooperation helps to promote shared practices and raise awareness of and add value to the Group's businesses.

Finally, the people who make up Klépierre are the number one Group resource for enacting its commitments. Driven by the HR management processes, Klépierre's teams also enjoy, through Klépierre University, dedicated training programs to allow them to continually adapt to the changing environment and to anticipate new operational requirements.

The ecosystem of major stakeholders connected with the Group's activities is detailed below:



(1) Based on the average of 2016 planned operational budgets for Group centers in 10 countries. Excludes marketing budgets, taxes, management fees.

## Update of the materiality matrix

The Group's broader goal to maximize its value creation requires it to be as targeted as possible with its actions. This ambition to achieve value motivates Klépierre to identify all environmental, societal and social issues and to focus on the most important ones; it also enables it to bring its actions in line with the recommendations of the French Grenelle 2 environmental law, the G4 guidelines of the Global Reporting Initiative (GRI), and the sustainability best practices recommendations by the European Public Real Estate Association (EPRA).

In 2013, Klépierre had undertaken an initial "materiality analysis" – a commonly used tool to identify and rank non-financial issues within an organization – which had brought to light the 20 environmental, societal and social issues that have a material impact on the Group's performance.

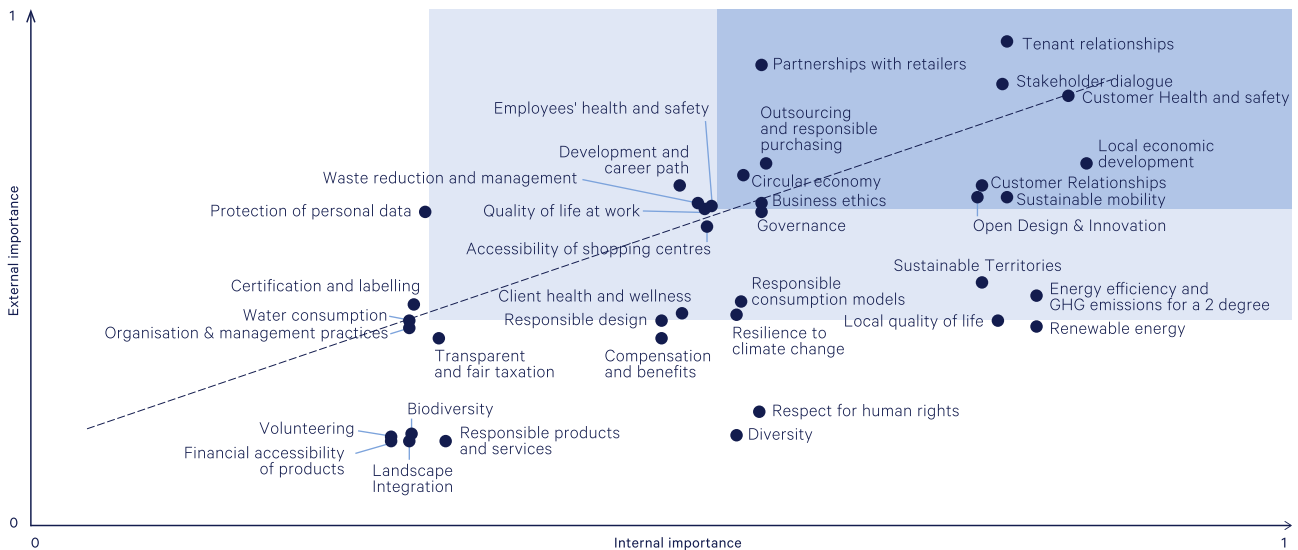
Four years on, evolving issues, the speed of societal change but also the Group's growing ambition, led Klépierre to repeat the exercise. Thus, in 2017, the Group worked on updating its materiality analysis.

This process was, for the first time, done collaboratively through a panel of internal and external stakeholders, which put together the materiality matrix presented below. The 20-member panel was comprised of representatives of Klépierre's main stakeholders: retailers, investors, human resources or CSR experts, scientists, NGOs, local public authorities, etc. It also included Group representatives: members of the Executive Board, the Chief Operating Officer, two operational staff, and the team in charge of CSR.

## Methodology

The internal and external stakeholders in the panel were given a questionnaire covering 38 pre-identified issues to assess the materiality of these issues. The methodology used comprises two components: the importance of the issue and its classification as a risk or an opportunity for the Company; these two components are combined to produce the final rating for each issue. To this end, participants rated the importance of the issues as follows: "very important," "important," "moderately important," or "not very important" (this accounted for 75% of the rating), and they ranked the top ten issues in terms of risks or opportunities for Klépierre (this represented 25% of the rating).

The main risks and opportunities are represented in the materiality matrix below. This allows Klépierre to rank its issues and to think in terms of priorities:



## Results

The CSR Panel identified the following as priorities for Klépierre:

Issues comprising major risks	Issues offering the greatest opportunities
Business ethics	Local economic development
Respect for human rights	Partnership with retailers
Customer health and safety	Dialog with stakeholders
Outsourcing and responsible purchasing	Renewable energy
Governance	Circular economy

The Group's commitments will be detailed throughout section 4 along with the operational implementation of measures designed to manage these risks and to take advantage of these top opportunities.

### 4.1.2 Act for Good® with Klépierre: a new CSR Strategy

Four years after Good Choices®, the Group's first structured CSR plan, Klépierre launched its new strategy in late 2017: *Act for Good® with Klépierre*.

#### A jointly developed strategy

Once the materiality matrix had been updated, the Group continued the process of dialog by asking the panel of stakeholders to jointly develop the new CSR strategy.

The goals were as follows: meet the expectations of stakeholders, which are sometimes new; make CSR ever more pragmatic and more positively correlated with financial performance; structure the initiative and focus efforts on the key areas of impact; and put the spotlight on the Group's approach and its countries and make it more meaningful for employees.

The panel met in August 2017 at the Group's head office in Paris for a one-day discussion and brainstorming event. The discussions took place in two phases: a first one in which the Group representatives listened to the stakeholders' perceptions of the Group's CSR actions, followed by a second one during which the Group submitted an outline for a new CSR strategy.

Klépierre's Executive Board participated in these discussions and in the joint development of the Act for Good® strategy, in particular 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 naturally comprise the major commitments underpinning Act for Good®: climate change, sustainable construction, health and well-being, 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 signed off by the Group's expanded Executive Committee.

The prior consultation of stakeholders was key to ranking the issues, committing to long-term change and deepening future cooperation.

### Strategic goals for 2030, specific commitments for 2022

The Act for Good® with Klépierre strategy rests on three pillars:

- > Act for the Planet;
- > Act for Territories;
- > Act for People.

The first pillar, "Act for the Planet," comprises 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, encouraged the Group to set its goals even higher. Over the last few years, Klépierre has achieved promising environmental results it can draw on in order to speed up environmental innovation and differentiation across its industry.

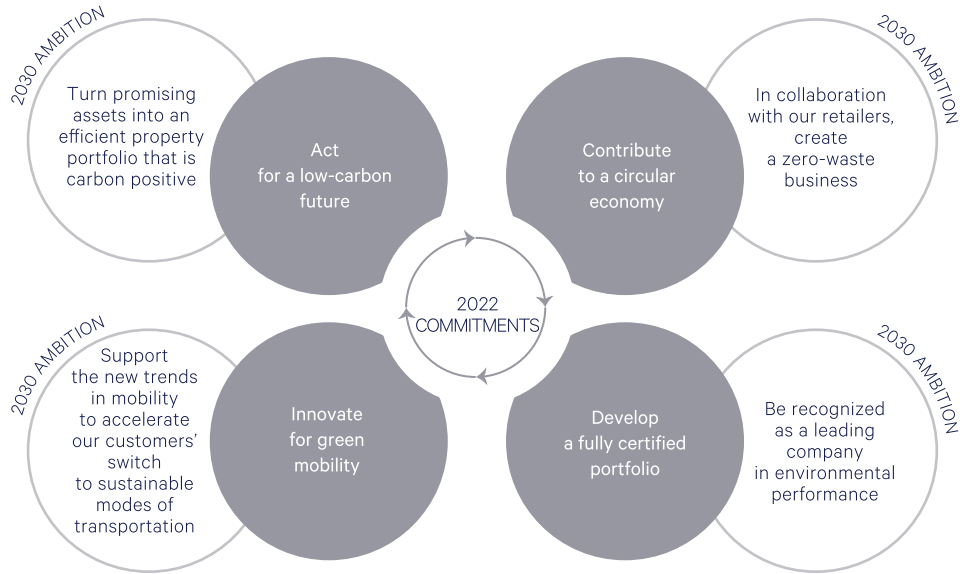
The second pillar shows the importance of the Group's local footprint, in the form of the shopping centers that it owns and manages in 16 countries. Various local initiatives already existed; this pillar structures them in order to give them visibility and can become a source of progress and ever higher goals. The "Act for Territories" pillar unifies and makes it possible to fit local actions into the bigger picture.

Finally, the third pillar, "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.

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



## Act for the Planet



## Act for Territories



## Act for People



Details of the five-year commitments can be found in section 4.1.6 "2022 Strategic Plan". Their operational implementation is outlined topic by topic in this section. Internal governance, the related tools, and the main performance drivers are also included.

### 4.1.3 Governance

Klépierre's CSR commitments are firmly rooted in the Group's organization. They are implemented across all countries and supported by the roll-out of dedicated tools. They are also applied in the various external initiatives in which the Group participates.

#### Organization

Klépierre's sustainable development governance is well established. It is organized according to the principle of becoming rooted in the operations, and it reaches all the way to the highest level of the organization.

#### Implementing strategic direction and monitoring progress

> Within the Supervisory Board, the **Sustainable Development Committee** reviews the CSR process, discusses its developments and is informed of the Group's results in these areas; it reports to the Supervisory Board. It is composed of three members of the Board, as well as members of the Executive Board, the Director of the Legal Department and Human Resources, the Communication Director and the Director of Engineering and Sustainability. It is chaired by Steven Fivel, General Counsel and Corporate Secretary of Simon Property Group, Klépierre's leading shareholder. It met three times in 2017.

> Within the Management Committee of Klépierre, the **CSR Committee** suggests to the Executive Board the elements of the Group's CSR strategy, in particular the list of commitments and action plans; it reports to the Board on the results achieved. The CSR Committee brings together members of the Management Board, the Engineering and Sustainability, Human Resources and Communication Departments, as well as representatives of the other relevant directorates (operation of the shopping centers, development, etc.). It met five times in 2017.

#### Create momentum, define Group goals, tools and processes

> The **Engineering and Sustainability Department**, established in 2016, brings together employees responsible for technical engineering in the centers, operational investments and sustainable development. Within this department there is a Sustainability team comprised of three employees.

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

> The **Human Resources Department** is central to the Company's strategy contributing to its talent, skills and performance challenges in line with the Group's values and social commitments.

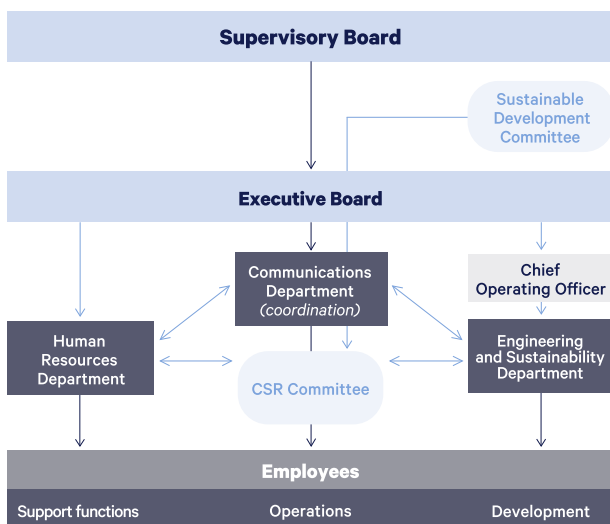
> The **Group's Communication Department** coordinates the CSR process, with the Engineering and Sustainability Department as well as the Human Resources Department, which then relies on the Country Departments so that the implementation of the environmental, societal and social actions is completely effective.

## Break down goals and implement actions

- > In the 16 countries, management and the operational departments break down Group goals and implement the policies that are appropriate to their local environments. Each country then 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, by applying the best practices guide for energy, waste, water and certification management. 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 some 30 correspondents covering all the local areas in which we operate is in charge of carrying out local actions and reporting on best practices. These correspondents work in close contact with the teams at the head office.

Accordingly, since 2016, the Engineering and Sustainability Department has been holding monthly meetings with each country and a joint meeting with the representatives of the 16 countries.

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



Finally, the Group's 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.

Since 2017, the implementation of the Act for Good® approach has been part of the individual objectives of managers in all countries. Moreover, the key Act for Good® commitments have been incorporated into the performance share allocation plans criteria for the Group's main managers.

Awareness-raising efforts on sustainable development topics, especially environmental ones, were focused in 2017 on developing the new strategy, raising employee and stakeholder awareness regarding CSR issues facing Klépierre, and the tools and approaches in place to improve the operational performance of the shopping centers in the portfolio.

The operational roll-out of the new strategy across all departments as well as the implementation of the Act for Good® communications plan are scheduled for the opening months of 2018.

Training modules for the operational teams are also scheduled for the coming year. The goal is to remind trainees about the Group's CSR issues that are directly linked to the daily operation of a shopping center and to stakeholder engagement.

## Innovate and re-examine the business

The Act for Good® approach aspires to be innovative. The issues addressed change quickly, as do available technologies and solutions; that is why Klépierre has connected Act for Good® to its Klépierre ID open innovation platform. This platform, which was created in 2016, has been redesigned, enhanced and introduced at the top of the organizational tree.

Klépierre ID was used to define nine strategic priorities for Klépierre in the area of innovation, all of which include initiatives and suggestions connected with Act for Good® (mobility, new services, new working methods) and one more specifically dealing with enabling the communities around the shopping centers.

Each theme is coordinated by a cross-country multi-expertise team, and sponsored by a member of the Group's Executive Committee. Operational pilots are up and running, in cooperation with selected partners (namely, start-ups and entrepreneurs).



## Industry initiatives and charters supported by Klépierre

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

Klépierre is an active member of the following national and international trade associations. The Group considers them strategic for its business; 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 International Council of Shopping Centers 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)

An organization that includes more than 200 real estate companies that are listed in Europe, EPRA publishes recommendations intended to ensure that the financial and non-financial disclosures of publicly traded real estate companies are more detailed and more standardized.

### French Council of Shopping Centers (CNCC)

French trade organization uniting all players involved in the promotion and development of shopping centers. Klépierre is involved among other things in the Sustainable Development Commission, tasked with the oversight, sharing of best practice and the coordination of industry players.

### French Real Estate Association (FSIF)

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

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

### Global Real Estate Sustainability Benchmark (GRESB)

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

### United Nations Global Compact

A signatory to the United Nations Global Compact since 2012, each year Klépierre reiterates its backing for this voluntary international CSR initiative, and its commitment to the improvement process on the 10 universal principles promoted by the Global Compact (in terms of human rights, labor standards, the environment and the fight against corruption). 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 at the end of 2013, it provides players in the real estate sector with a framework for improving energy efficiency in their property portfolios and for anticipating future regulatory obligations related to tertiary buildings' energy performance. The Group has been a signatory of this Charter since November 2013 and signed up again in 2017 upon publication of the new version of the charter.

## Diversity Charter

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

## 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: move forward parenthood representations, create a favorable environment for working parents and respect the principle of non-discrimination in career development for such employees. The Group has been a signatory since April 29, 2009.

## The Palladio Foundation

Klépierre is a founding member of the Palladio Foundation.

The Palladio Foundation was created in 2008, under the aegis of Fondation de France, to tackle the major issue of the 21st century, namely, how to build cities and living areas. It is a unique organization that energizes and brings together all sectors involved in addressing urban and real estate problems: public authorities, voluntary sector, researchers and the media. With a view to making cities as human, livable and value-additive as possible, it works directly with those contributing at present or in the future to developing cities, by creating the necessary support tools for taking stock (Palladio Institute), preparing the transition (Avenir Palladio Center) and forecasting (Palladio Research Center). By means of exchanges between managers and experts, students and trades, doctoral students and operational teams, each action the Foundation takes helps foster a process of re-examination, open-mindedness and mutual enrichment.

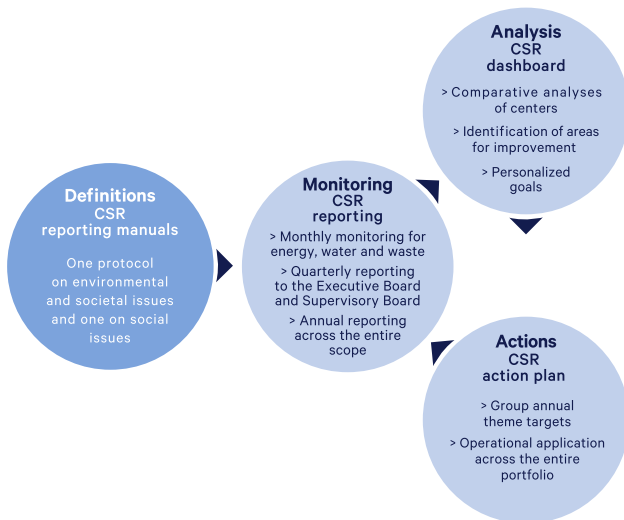
## Association pour le développement du Bâtiment Bas Carbone (BBCA)

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

## 4.1.4 Management system and tools

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

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



### Definitions: CSR reporting manuals

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

These definitions are grouped into two reporting protocols:

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

These documents are updated every year to reflect developments in the business activities and in the regulations.

### Monitoring: CSR reporting

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

### Environmental and societal issues

- > Within the shopping center: monitoring has become even more frequent. The teams working at each asset (center managers and technical managers) monitor utilities consumption (energy and water) and waste production at least once a month. 64% of centers are also equipped with energy measurement systems that enable real-time control. There has been increasing use of such tools over recent years.

- > At Group level: an environmental and societal report on each asset is presented to the Executive Board and to the Supervisory Board's Sustainable Development Committee: annually for all CSR reporting indicators and quarterly for the energy, water and waste performance indicators. For this second set of indicators, reporting no longer applies only to the Group's 70 largest assets, but to the entire property portfolio.

In 2017, an environmental and societal monitoring tool for the centers was rolled out across the entire property portfolio. It is designed to collect information on all centers in the property portfolio, to where possible automate reporting (by directly hooking up utility suppliers for example) and to automatically generate real-time analyses of the actual sustainable development performance of assets.

### Social issues

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

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

### Analysis: CSR dashboard

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

Work that was started in 2016 to improve the monitoring dashboards for each shopping center continued in 2017. The new dashboards now consolidate the main technical and sustainable development management indicators of the center on a monthly basis.

In addition, these dashboards now include a comparative energy and water consumption and waste performance analysis for each center:

- > in comparison to the center itself, against the previous month;
- > in comparison to other centers in its benchmark category (grouping of shopping centers that are comparable from a technical perspective).

These two performance analyses are based on statistical models that allow external impact data (weather, architectural, technical and business) to be restated in order to assess the real performance of each center and therefore be able to set realistic and individual goals for each center.

These dashboards have recently been automated and digitalized within the environmental and societal tool developed in 2017.

## 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 for the priorities for the year. 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 largest areas of impact (energy, water, waste). These goals are discussed with each Country Department for possible readjustment in light of local conditions. Once jointly approved, these goals are implemented in each center. Progress is monitored monthly.

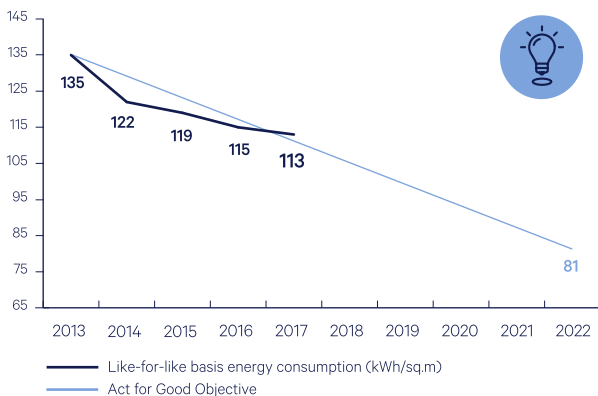
All these goals are first approved by the internal CSR Committee chaired by the Executive Board.

In support of these action plans 2017, the share of maintenance works dedicated to sustainable development investments was analyzed for the first time: 61% of the provisional budget for 2018 involved this type of investment.

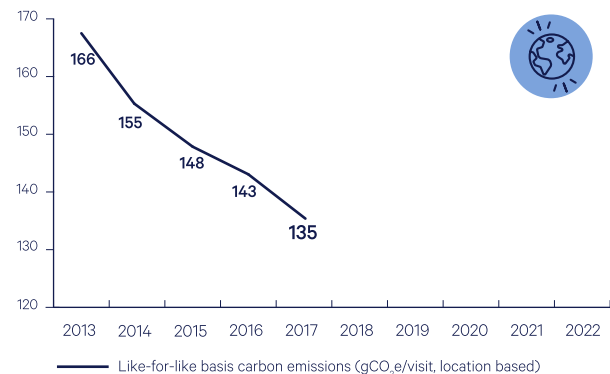
## 4.1.5 Main achievements in 2017

### Change in the main environmental, societal and social KPIs

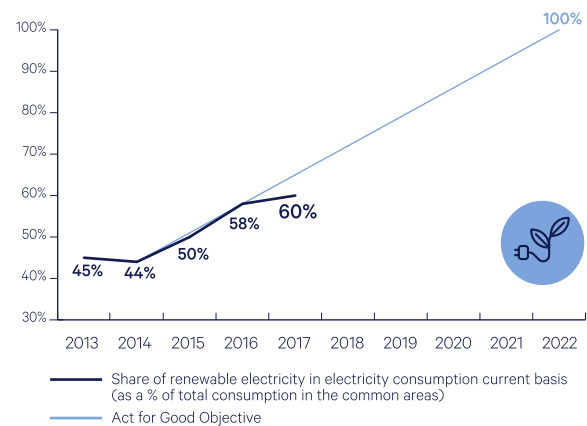
#### ► IMPROVING THE ENERGY EFFICIENCY OF THE PORTFOLIO (-40% BY 2022 VS. 2013)



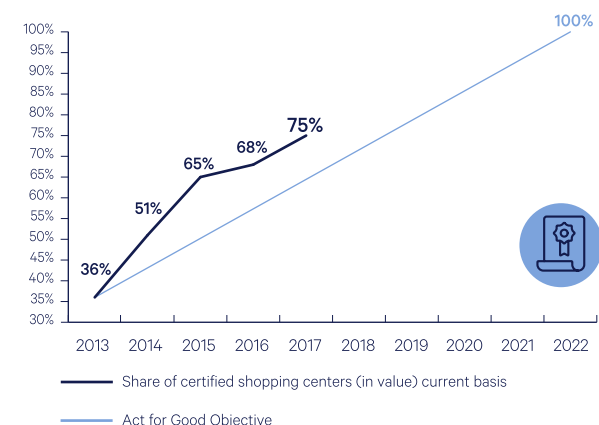
#### ► ACTING IN FAVOR OF A LOW-CARBON FUTURE



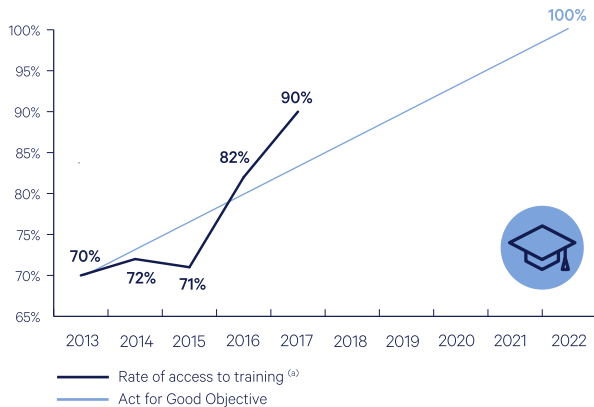
#### ► INCREASING THE SHARE OF RENEWABLE ELECTRICITY IN ELECTRICITY CONSUMPTION



#### ► DEVELOPING A 100% CERTIFIED ASSET PORTFOLIO

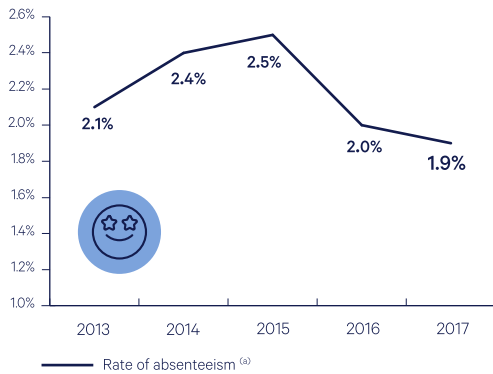


## ► ENSURING ACCESS TO TRAINING FOR ALL EMPLOYEES



(a) For employees who have completed at least half a day of training during the year.

## ► PROMOTING WELL-BEING IN THE WORKPLACE



(a) Total number of days off work due to illness, workplace accidents and unjustified absences, divided by the average monthly workforce, in turn multiplied by 365. Long-term illnesses similar to a suspension of the employment contract are excluded.

## Leadership reaffirmed and lauded

Transparency is a key component of the Group's sustainable development approach. To this end, Klépierre fosters ongoing relationships with the non-financial rating agencies, as well as with SRI (Socially Responsible Investment) analysts and investors, who assess its sustainable development performance.

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

In 2017, the Group continued to be part of the major non-financial indexes: DJSI World and Europe, FTSE4Good Europe and Global Index Series, STOXX® Global ESG Leaders, Euronext Vigeo France 20, Eurozone 120 and World 120.

In addition, Klépierre's CSR performance won numerous awards in 2017:

- > Klépierre is the only European real estate operator on CDP's (formerly known as the Carbon Disclosure Project) "A list," which comprises global companies leading the fight against climate change;
- > Klépierre was voted the top environmental performer of all listed European real estate operators, according to the ranking published by RobecoSAM 2017;
- > Klépierre was awarded "Green Star" by the industry rating firm GRESB;
- > EPRA gave Klépierre a "Gold Award" in recognition of the strength of the Group's 2016 non-financial reporting;
- > The Group received the "Happy Trainees" certification in 2017, from Choosemycompany in recognition of "management excellence and motivation of interns and work-study trainees";
- > The "Responsible Leader – GREEN category" award was won by the Group's Head of Sustainable Development at the 2017 Trophées Les Échos Business.

#### 4.1.6 2022 strategic plan

Act for Good® commitments		2022 target
ACT FOR THE PLANET	<b>ACT FOR A LOW-CARBON FUTURE</b>	
	> Reduced energy consumption in the common areas (vs. 2013)	-40%
	> Percentage of renewable energy in the electricity consumption of the common areas	100%
	> Number of shopping centers in the portfolio that are carbon positive	Top 5
	> Certification of the Group's climate strategy by the Science Based Targets Initiative	Certification obtained
	<b>STRIVE FOR A CIRCULAR ECONOMY</b>	
	> Percentage of waste diverted from landfill	100%
	> Percentage of shopping centers having engaged retailers in a circular economy approach	100%
	<b>DEVELOP A FULLY-CERTIFIED PORTFOLIO</b>	
	> Percentage of centers with sustainable development certification	100%
ACT FOR TERRITORIES	> Percentage of new developments with BREEAM Construction certification (at least "Excellent")	100%
	> Percentage of new developments using wood from a certified forest during construction	100%
	<b>INNOVATE TOWARDS GREEN MOBILITY</b>	
	> Percentage of shopping centers accessible by public transportation and equipped with charging stations for electric vehicles	100%
	<b>INCREASE LOCAL EMPLOYMENT AROUND OUR CENTERS</b>	
	> Percentage of local service suppliers for the daily operations of our centers (local = regional and/or within 300 km)	100%
	> Percentage of centers having facilitated local employment	100%
	<b>TAKE PART IN LOCAL LIFE</b>	
	> Percentage of centers having offered free of charge a space for use by a local initiative (at least once a year)	100%
	<b>PURSUDE A CORPORATE CITIZENSHIP INITIATIVE</b>	
ACT FOR PEOPLE	> Percentage of centers having organized a clothing/toys/furniture drive for a local charity	100%
	> Percentage of centers having supported an in-house solidarity event organized by a retailer	100%
	<b>INVOLVE LOCAL STAKEHOLDERS IN DESIGNING NEW DEVELOPMENTS</b>	
	> Percentage of development projects having included a locally agreed participatory initiative	100%
	> Percentage of development projects having suppliers sign a "sustainability charter" covering both procurement and construction site management	100%
	> Percentage of development projects having implemented a biodiversity action plan	100%
	<b>CONTINUOUSLY INCREASE VISITOR SATISFACTION</b>	
	> Increase in Group's Net Promoter Score (NPS)	+3 points vs. 2018
	> Percentage of customers' questions posted on social networks responded to in less than one hour	100%
	<b>PROMOTE HEALTH AND WELL-BEING IN THE CENTERS</b>	
ACT FOR PEOPLE	> Percentage of shopping centers promoting health and well-being	100%
	> Percentage of shopping centers offering dedicated services to the employees of their retailers	100%
	<b>OFFER GROUP EMPLOYEES A POSITIVE EXPERIENCE</b>	
	> Rate of access to training for Klépierre employees	100%
	> Percentage of Klépierre employees covered by work-life balance measures	100%
	> Percentage of young graduates receiving personalized career guidance	100%
	> Percentage of employees contributing to co-building the Company's future	100%
	<b>SPREAD ETHICS IN OUR COMMUNITIES</b>	
	> Promotion of business ethics among 100% of employees and stakeholders	100%
	> Percentage of service providers selected based on CSR criteria	100%
ACT FOR PEOPLE	<b>BE SOCIALLY CONSCIOUS</b>	
	> Percentage of Klépierre employees who been given the opportunity to participate to a charity program	100%
ACT FOR PEOPLE	> Signing of Group partnerships with NGOs dedicated to employability and/or family	

## 4.2 Act for the Planet

### 4.2.1 Energy performance

Energy efficiency remains a priority for the Group. It is a major indicator of the strength of the Group's operational management and plays a major part in controlling costs both for the Group and for the retailers operating in its centers. The reasons that motivate Klépierre to improve in this area are therefore both environmental and economic. By optimizing its consumption, both in terms of volume and sources of energy, Klépierre limits its environmental footprint and its exposure to energy price volatility.

The Group consumed approximately 492 GWh in 2017 on a current basis. The Group's energy bill was around 45 million euros. Close to two thirds of this energy is used in three regions: France-Belgium, Italy and Scandinavia.

#### ► ENERGY CONSUMPTION IN MWH AND ENERGY EFFICIENCY IN KWH/SQ.M AND KWH/VISIT

2017 current basis (98% coverage): 138 shopping centers and 5,027,646 sq.m  
EPRA: Elec-Abs – DH&C-Abs – Fuels-Abs – Energy-Int

		France-Belgium	Italy	Scandinavia	Iberia	Central Europe & Turkey	The Netherlands <sup>(a)</sup>	Germany	Group	Group coverage rate
MWh	2015	109,675	103,902	87,514	53,832	84,625	16,815	27,144	483,508	98%
	2016	95,526	101,516	88,716	46,261	77,587	15,574	25,358	450,538	97%
	2017	123,616	118,791	81,537	44,432	87,465	11,981	24,423	492,245	98%
kWh/sq.m	2015	121	147	105	150	122	107	99	123	98%
	2016	109	144	108	147	115	101	92	118	97%
	2017	106	150	121	126	125	125	88	121	98%

(a) Because of the major work underway in 2017, Hoog Catharijne was excluded from the reporting (the values, which are overly impacted, add noise to the country's annual trends).

#### Usage down 17% since 2013 on a like-for-like basis

Energy use on a like-for-like basis was down from 431 to 359 GWh between 2013 and 2017. This drop is found in all the Group's regions, thereby illustrating the significant efforts of the last four years to improve the energy efficiency of assets. The goal for 2022 with the Act for Good® strategy is to reduce energy consumption in the

common areas by 40% compared with the 2013 baseline year. The 17% reduction over the past four years, which represents a cumulated total of 72 GWh over that period, reaffirms the Group's approach and encourages it to continue its efforts.

#### ► ENERGY CONSUMPTION IN MWH AND ENERGY EFFICIENCY IN KWH/SQ.M

2017/13 like-for-like basis (75% coverage): 105 shopping centers and 3,702,432 sq.m  
EPRA: Elec-LfL – DH&C-LfL – Fuels-LfL – Energy-Int.

		France-Belgium	Italy	Scandinavia	Iberia	Central Europe & Turkey	The Netherlands <sup>(a)</sup>	Germany	Group	Group coverage rate
MWh	2013	103,653	95,625	72,585	32,467	88,601	12,040	25,685	430,657	75%
	2014	89,932	87,792	65,508	30,829	78,298	10,437	24,542	387,338	
	2015	87,674	86,657	60,930	30,192	77,919	9,016	24,444	376,830	
	2016	77,850	85,129	62,309	29,981	74,366	9,106	22,677	361,416	
	2017	79,084	86,566	60,992	27,882	72,339	10,162	21,612	358,636	
	2017/16	2%	2%	-2%	-7%	-3%	12%	-5%	-1%	
	2017/13	-24%	-9%	-16%	-14%	-18%	-16%	-16%	-17%	
kWh/sq.m	2013	137	159	120	146	137	125	101	135	75%
	2014	119	147	109	138	121	108	96	122	
	2015	116	146	100	135	121	94	96	119	
	2016	106	143	102	135	115	95	89	115	
	2017	108	146	100	122	112	106	84	113	
	2017/16	1%	2%	-1%	-10%	-3%	12%	-6%	-1%	
	2017/13	-21%	-9%	-16%	-16%	-18%	-16%	-17%	-16%	

(a) Because of the major work underway in 2017, Hoog Catharijne was excluded from the reporting (the values, which are overly impacted, add noise to the country's annual trends).



## Goal 100% renewable electricity

The Group is continuing its move to less carbon-intensive energy. 49% of final energy currently used by the Group is from renewable sources.

Electricity from renewable sources now accounts for 60% of total electricity usage, representing close to 215 GWh.



Klépierre undertakes to have 100% of the electricity used in common areas of these centers come from renewable sources by 2022.

### France commits itself in turn!

After Italy in 2016, France has renegotiated its electricity supply contracts to gradually switch, in the course of 2018, all electricity supply contracts to 100% green electricity.

## ► PROPORTION OF ENERGY AND ELECTRICITY USAGE FROM RENEWABLE SOURCES

2017 current basis (98% coverage): 138 shopping centers and 5,027,646 sq.m

	France-Belgium	Italy	Scandinavia	Iberia	Central Europe & Turkey	The Netherlands <sup>(a)</sup>	Germany	Group	Group coverage rate
<b>Renewable energy</b>									
2015	11%	36%	78%	77%	30%	75%	21%	42%	98%
2016	12%	64%	75%	74%	23%	79%	22%	48%	97%
<b>2017</b>	<b>19%</b>	<b>63%</b>	<b>78%</b>	<b>80%</b>	<b>32%</b>	<b>86%</b>	<b>19%</b>	<b>49%</b>	<b>98%</b>
<b>Renewable electricity</b>									
2015	10%	44%	89%	86%	40%	100%	31%	50%	98%
2016	10%	78%	88%	85%	32%	100%	33%	58%	97%
<b>2017</b>	<b>14%</b>	<b>75%</b>	<b>88%</b>	<b>85%</b>	<b>45%</b>	<b>99%</b>	<b>71%</b>	<b>60%</b>	<b>98%</b>

(a) Because of the major work underway in 2017, Hoog Catharijne was excluded from the reporting (the values, which are overly impacted, add noise to the country's annual trends).

## ► ENERGY MIX ON A CURRENT BASIS

2017 current basis (98% coverage): 138 shopping centers and 5,027,646 sq.m  
EPRA: Elec-Abs – DH&C-Abs – Fuels-Abs

	Group	
	MWh	%
Electricity from renewable sources	215,691	43.9%
Electricity from non-renewable sources	145,294	29.6%
<b>Subtotal electricity</b>	<b>360,985</b>	<b>73.5%</b>
District heating/Energy from renewable sources		
District heating/Recovered energy		
District heating/Energy from fossil fuels	55,520	11.3%
District cooling	15,407	3.1%
<b>Subtotal networks</b>	<b>70,927</b>	<b>14.4%</b>
Gas	58,711	11.9%
Fuel oil	431	0.1%
Bio-fuel	397	0.1%
<b>Subtotal fuels</b>	<b>59,539</b>	<b>12.1%</b>
<b>TOTAL ENERGIES</b>	<b>491,451</b>	<b>100%</b>
Group coverage rate		98%

► **ENERGY MIX ON A LIKE-FOR-LIKE BASIS**

2017/15 like-for-like basis (75% coverage): 105 shopping centers and 3,702,432 sq.m  
EPRA: Elec-LfL – DH&C-LfL – Fuels-LfL

	2017		2016		2015		2017/16	2017/15
	MWh	%	MWh	%	MWh	%	%	%
<b>Electricity</b>	<b>261,643</b>	<b>73.0%</b>	<b>278,014</b>	<b>76.9%</b>	<b>290,750</b>	<b>77.2%</b>	<b>-5.9%</b>	<b>-10%</b>
District heating	39,916	11.1%	32,919	9.1%	33,133	8.8%	21.3%	20.5%
District cooling	10,480	2.9%	9,360	2.6%	9,371	2.5%	12.0%	11.8%
<b>Subtotal district networks</b>	<b>50,396</b>	<b>14.1%</b>	<b>42,279</b>	<b>11.7%</b>	<b>42,504</b>	<b>11.3%</b>	<b>19.2%</b>	<b>18.6%</b>
Gas	45,792	12.8%	39,708	11.0%	41,352	11.0%	15.3%	10.7%
Fuel oil	409	0.1%	1,071	0.3%	1,666	0.4%	-61.8%	-75.4%
Bio-fuel	397	0.1%	325	0.1%	539	0.1%	22.3%	-26.3%
<b>Subtotal fuels</b>	<b>46,598</b>	<b>13.0%</b>	<b>41,105</b>	<b>11.4%</b>	<b>43,557</b>	<b>11.6%</b>	<b>13.4%</b>	<b>7.0%</b>
<b>TOTAL ENERGIES</b>	<b>358,636</b>	<b>100%</b>	<b>361,416</b>	<b>100%</b>	<b>376,830</b>	<b>100%</b>	<b>-0.8%</b>	<b>-4.8%</b>
Group coverage rate				75%				

**Ongoing decline in energy usage despite variable climate conditions**

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

In 2016, a new stage in measuring the energy performance of the centers was undertaken. First, consumption was restated for temperature fluctuations. The restatements can be used to compare a center to its own performance over the years in order to identify the best performing centers that could potentially provide new good practices, but also to act and give particular attention to centers when their energy performance begins to worsen. A further improvement was undertaken in 2017 thanks to a multi-correlation analysis of external energy performance factors. This analysis made it possible to develop a new environmental tool in which consumption data will be restated from meteorological data other than the temperature (luminosity, humidity etc.) and activity data of the shopping centers (footfall, area, opening hours etc.). These features are currently being installed on the environmental tool.

**Mechanisms used to control usage**

In order to reduce its energy usage, Klépierre has four major mechanisms that are operated in parallel.

**Accurate metering of consumptions**

- Roll-out of real-time, usage by usage, equipment by equipment metering systems across 64% of the property portfolio in value at end-2017. These systems are made up of tens of meters per site and the information is automatically reported to the centers, the Country teams and the Group. Roll-out of such equipment has continued in 2017 over all the Group countries with a 6% increase compared to 2016.
- Increased monitoring at Group level with quarterly reporting to the Executive Board and to the Supervisory Board.

**Energy conservation in the management**

- Constant vigilance as to the operating hours: schedules of regular visits to the shopping centers at night to check how the equipment has been programmed were intensified in 2017.
- Adjustment of temperature settings to better reflect outside temperatures.
- Sharing of best practices: a manual of the best operational practices was produced in collaboration with all the countries and shared within the Group in 2016; it continued to be enhanced and applied in 2017. These good practices are divided into the two categories of management and investment and cover four concerns: energy, waste, water, and certifications. Klépierre wants to share these best practices with its partners to help them control their usage as closely as possible.
- Development of real time energy management: in partnership with expert partners, the teams at the centers track and analyze usage at centers in real time to cut response times at the building and thereby improve its performance.

**Improvement of technical equipment**

- Replacement of the most energy-intensive equipment: cooling towers, mechanical linkages, ventilation pumps, etc.
- Replacement of energy-consuming bulbs with LED wherever relevant, lower-wattage bulbs, national directories of quality product suppliers. The replacement of lights jumped significantly in 2017.
- CO<sub>2</sub> sensors: continued roll-out to reduce the airflow and optimize air treatment plants.



## Construction investments

- > In the course of development: attention to building insulation and its compactness to improve thermal inertia, with particular focus on roofs, which account for the majority of energy loss.

- > When renovating during operation: overhauling of thermal exchanges and recouping of heating or cooling, etc. In 2017, a "renovation" checklist was drawn up, including all Klépierre standards pertaining to technical equipment. These specifications mean that it is possible to, even before work begins, take on board the requirements that will ensure the simple and effective management of the future building.

## ► PROPORTION IN VALUE OF CENTERS EQUIPPED WITH REAL-TIME ENERGY MEASUREMENT SYSTEMS

2017 current basis (98% coverage): 138 shopping centers and 5,027,646 sq.m

	France-Belgium	Italy	Scandinavia	Iberia	Central Europe & Turkey	The Netherlands <sup>(a)</sup>	Germany	Group	Group coverage rate
2015	53%	25%	95%	64%	43%	100%	0%	55%	98%
2016	55%	31%	100%	55%	41%	100%	0%	58%	98%
2017	63%	30%	100%	97%	69%	23%	28%	64%	98%

(a) Because of the major work underway in 2017, Hoog Catharijne was excluded from the reporting (the values, which are overly impacted, add noise to the country's annual trends).

## ► MORE THAN 30.6 MILLION EUROS IN CUMULATED SAVINGS SINCE 2013

The Group's consolidated energy bill in 2017 was 32 million euros. The energy efficiency steps taken have a positive effect on the energy budgets, generating savings of close to 30.6 million euros over the past four years on a like-for-like basis, given that the energy rates are constantly increasing.

Central Europe and Turkey recorded a 34% fall since 2013 in energy budgets.

In Italy, cumulative savings totaled 8 million euros since 2013; this Group region has a more expensive average kWh price. All the regions have seen their energy budgets fall by at least 20% in the last four years.

In France and Belgium, cumulative savings were over 38% for the same period.

## ► SAVINGS FROM CHANGES IN ENERGY USAGE AND ENERGY COSTS

2017/13 like-for-like basis (75% coverage): 105 shopping centers and 3,702,432 sq.m

		France-Belgium	Italy	Scandinavia	Iberia	Central Europe & Turkey	The Netherlands	Germany	Group	Group coverage rate
MWh	2013	103,653	95,625	72,585	32,467	88,601	12,040	25,685	430,657	75%
	2015	87,674	86,657	60,930	30,192	77,919	9,016	24,444	376,830	
	2016	77,850	85,129	62,309	29,981	74,366	9,106	22,677	361,416	
	2017	79,084	86,566	60,992	27,882	72,339	10,162	21,612	358,636	
	2017/13	-24%	-9%	-16%	-14%	-18%	-16%	-16%	-17%	
€ excl. VAT/ MWh	2013	77	144	107	112	89	91	138	106	75%
	2015	85	142	105	111	86	96	136	107	
	2016	84	134	104	105	80	99	146	104	
	2017	63	119	102	102	72	73	86	90	
	2017/13	-19%	-17%	-4%	-9%	-19%	-19%	-38%	-15%	
€ excl. VAT	2013	8,010,572	13,732,640	7,770,556	3,632,962	7,868,557	1,091,627	3,534,298	45,641,212	
	2015	7,448,257	12,266,483	6,401,276	3,337,290	6,731,259	863,172	3,316,797	40,364,535	
	2016	6,557,778	11,404,353	6,480,208	3,151,757	5,930,582	901,337	3,308,190	37,734,205	
	2017	4,980,326	10,279,100	6,242,740	2,839,577	5,180,549	741,771	1,857,117	32,121,180	
	2017/13	-38%	-25%	-20%	-22%	-34%	-32%	-47%	-30%	
CUMULATIVE SAVINGS IN € EXCL. VAT		5,632,730	8,057,598	5,078,973	1,718,422	6,815,042	882,727	2,399,039	30,584,531	

In 2017, the Group undertook a strategic study of its energy supplies across all the countries in which it operates. The study identified areas for significant improvement, country by country, that will make

it possible to improve the quality of supply but also to generate substantial savings. These initiatives started being implemented in a number of countries in 2017 and will be broadened in 2018.

## Overall energy performance of the buildings, including tenants, assessed over 52 centers

An environmental appendix is incorporated into new leases all over Europe. In addition, Klépierre already has access to information on the whole building energy usage, including tenants, at 52 centers, representing 36% of the property portfolio in value.

### ► ENERGY CONSUMPTION IN MWh AND ENERGY EFFICIENCY IN kWh/SQ.M AND kWh/VISIT FOR THE WHOLE BUILDING

Energy consumption in MWh and energy efficiency in kWh/sq.m and kWh/visit for the whole building on a current basis  
2017 current basis (36% coverage): 52 shopping centers and 1,827,910 sq.m

		France-Belgium	Italy	Scandinavia	Iberia	Central Europe & Turkey	The Netherlands <sup>(a)</sup>	Germany	Group	Group coverage rate
Number of centers		8	3	13	3	23	2	0	52	
Shared equipment	MWh	16,311	10,634	51,909	9,402	87,465	10,321	0	186,042	
	%	71%	75%	43%	93%	41%	66%	N/A	47%	
Tenant equipment	MWh	6,578	3,582	68,383	711	125,131	5,404	0	209,790	36%
	%	29%	25%	57%	7%	59%	34%	N/A	53%	
	MWh	22,889	14,216	120,292	10,114	212,596	15,725	0	395,832	
Whole building	kWh/sq.m	14	16	151	20	264	113	N/A	79	

(a) Because of the major work underway in 2017, Hoog Catharijne was excluded from the reporting (the values, which are overly impacted, add noise to the country's annual trends).

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

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

### 4.2.2 Climate change

Klépierre's efforts to fight climate change are based on ongoing efforts to reduce its greenhouse gas emissions and active planning on how its assets will need to be adapted.

Accurate measurement of CO<sub>2</sub> emissions under Scopes 1 and 2 of the GHG Protocol<sup>(1)</sup> give Klépierre an accurate picture of its direct and indirect contribution to greenhouse gas emissions, as well as of its dependence on fossil fuels.

In addition to the assessment using the location-based method of the GHG Protocol, Klépierre is also publishing the same information according to the market-based methods in order to improve the transparency of the performance indicators.

Quantifying CO<sub>2</sub> emissions under Scope 3 gives a better idea of Klépierre's broader carbon footprint and the effects of the activities of its stakeholders (retailers, visitors and providers in particular).

In 2017, the emphasis has been on a better quantification of Scope 3. A carbon study was conducted so that the Group could better understand its footprint on the different scales included in the enlarged Scope 3 in order to define relevant actions to reduce emissions but also to anticipate the effects of climate change and carbon emissions on Klépierre's business.

The Group's total energy usage plus leaks from the use of refrigerant gases resulted in the emission of 113,507 metric tons of CO<sub>2</sub>e in 2017. A decline of 4,532 metric tons of CO<sub>2</sub>e was recorded compared to 2016.

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

► **GREENHOUSE GAS EMISSIONS IN TCO<sub>2E</sub> FROM ENERGY USAGE IN COMMON AREAS AND THE USE OF REFRIGERANT GASES (SCOPES 1 AND 2) AND ENERGY USAGE IN TENANT AREAS (SCOPE 3)**

2017 current basis (96% coverage): 138 shopping centers and 4,988,828 sq.m  
EPRA: GHG-Dir-Abs – GHG-Indir-Abs – GHG-Int

	2017							2016	
	France-Belgium	Italy	Scandinavia	Iberia	Central Europe & Turkey	The Netherlands	Germany	Group	Group
Gas	2,908	4,088	105	559	2,845	0	0	10,505	8,323
Fuel oil/Biofuel	6	290	106	0	0	0	0	401	270
Refrigerant gas	2,147	3,466	66	1,739	1,173	0	0	8,590	7,861
<b>Direct emissions SCOPE 1</b>	<b>5,060</b>	<b>7,843</b>	<b>277</b>	<b>2,298</b>	<b>4,018</b>	<b>0</b>	<b>0</b>	<b>19,496</b>	<b>16,453</b>
Electricity	4,185	32,661	2,041	12,624	23,691	4,873	5,020	85,094	93,889
Heating	1,435	0	1,676	0	4,003	312	1,060	8,485	7,268
Cold	259	0	64	0	0	13	96	431	427
<b>Indirect emissions SCOPE 2</b>	<b>5,878</b>	<b>32,661</b>	<b>3,781</b>	<b>12,624</b>	<b>27,694</b>	<b>5,198</b>	<b>6,176</b>	<b>94,011</b>	<b>101,585</b>
<b>EMISSIONS SCOPE 1 + 2</b>	<b>10,938</b>	<b>40,504</b>	<b>4,058</b>	<b>14,922</b>	<b>31,712</b>	<b>5,198</b>	<b>6,176</b>	<b>113,507</b>	<b>118,039</b>
<b>Group coverage rate</b>								<b>96%</b>	<b>97%</b>
Tenant areas electricity	18,523	57,350	8,631	31,757	74,776	8,206	25,452	224,695	69,186
Tenant area gas	336	44	57	88	1,267	173	0	1,966	1,048
<b>RELEVANT KNOWN EMISSIONS FROM SCOPE 3<sup>(a)</sup></b>	<b>18,859</b>	<b>57,394</b>	<b>8,688</b>	<b>31,845</b>	<b>76,043</b>	<b>8,379</b>	<b>25,452</b>	<b>226,661</b>	<b>70,234</b>
<b>Group coverage rate</b>								<b>36%</b>	<b>19%</b>

(a) 2017 data are not comparable with the 2016 data considering the broader Scope 3.

	2017							2016	
	France-Belgium	Italy	Scandinavia	Iberia	Central Europe & Turkey	The Netherlands	Germany	Group	Group
Gas	2,908	4,088	105	559	2,845	0	0	10,505	8,323
Fuel oil/Biofuel	6	290	106	0	0	0	0	401	270
Refrigerant gas	2,147	3,466	66	1,739	1,173	0	0	8,590	7,861
<b>Direct emissions SCOPE 1</b>	<b>5,060</b>	<b>7,843</b>	<b>277</b>	<b>2,298</b>	<b>4,018</b>	<b>0</b>	<b>0</b>	<b>19,496</b>	<b>16,453</b>
Electricity	2,810	16,728	4,145	8,254	20,243	0	4,460	56,640	59,076
Heating	1,435	0	1,676	0	4,003	312	1,060	8,485	7,268
Cold	259	0	64	0	0	13	96	431	427
<b>Indirect emissions SCOPE 2</b>	<b>4,504</b>	<b>16,728</b>	<b>5,885</b>	<b>8,254</b>	<b>24,246</b>	<b>325</b>	<b>5,616</b>	<b>65,557</b>	<b>66,772</b>
<b>EMISSIONS SCOPE 1 + 2</b>	<b>9,564</b>	<b>24,571</b>	<b>6,162</b>	<b>10,552</b>	<b>28,264</b>	<b>325</b>	<b>5,616</b>	<b>85,053</b>	<b>83,225</b>
<b>Group coverage rate</b>								<b>96%</b>	<b>97%</b>
Tenant areas electricity	21,386	77,245	49,429	38,161	76,517	8,991	38,154	309,884	69,186
Tenant area gas	336	44	57	88	1,267	173	0	1,966	1,048
<b>RELEVANT KNOWN EMISSIONS FROM SCOPE 3<sup>(a)</sup></b>	<b>21,723</b>	<b>77,289</b>	<b>49,486</b>	<b>38,250</b>	<b>77,784</b>	<b>9,164</b>	<b>38,154</b>	<b>311,850</b>	<b>70,234</b>
<b>Group coverage rate</b>								<b>36%</b>	<b>19%</b>

(a) 2017 data are not comparable with the 2016 data considering the broader Scope 3.

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

According to the "location-based method," electricity from renewable sources (even though it represents 60% of the Group's total electricity

usage) cannot be accounted at a zero emission factor. The ongoing decline in CO<sub>2</sub> emissions on a like-for-like basis thus reflects real energy saving measures, and is not artificially increased by purchasing so-called "green" electricity.

To be able to illustrate the efforts undertaken to supply electricity from renewable sources, Klépierre has widened its Group reporting to also calculate emissions according to the market-based method that consists in applying emission factors from each of the energy suppliers.

(1) The emission factors used for electricity vary substantially from one country to another. For example, they are 60 times higher in Poland compared to Norway. Source: CO<sub>2</sub> Emissions from Fuel Combustion (2013 Edition), IEA, Paris. CO<sub>2</sub> emissions per kWh from electricity generation.

## ► GREENHOUSE GAS EMISSIONS IN TCO<sub>2</sub>E AND CARBON INTENSITY IN KGCO<sub>2</sub>E/SQ.M AND GCO<sub>2</sub>E/VISIT FROM ENERGY USAGE IN COMMON AREAS AND SHARED EQUIPMENT, ON A CURRENT BASIS

2017 current basis (96% coverage): 138 shopping centers and 4,988,828 sq.m  
EPRA: GHG-Dlr-Abs – GHG-Indir-Abs – GHG-Int

Location-based		France-Belgium	Italy	Scandinavia	Iberia	Central Europe & Turkey	The Netherlands <sup>(a)</sup>	Germany	Group	Group coverage rate
tCO <sub>2</sub> e	2015	8,761	37,932	5,289	15,121	37,686	5,485	7,459	117,733	98%
	2016	7,438	36,799	5,748	13,136	34,845	5,221	6,990	110,178	97%
	2017	10,938	40,504	4,058	14,922	31,712	5,198	6,176	113,507	96%
kgCO <sub>2</sub> e/sq.m	2015	10	54	6	42	54	35	27	30	98%
	2016	9	52	7	42	52	34	25	29	97%
	2017	9	48	6	40	54	74	22	28	96%
gCO <sub>2</sub> e/visit	2015	34	243	61	144	292	130	213	142	96%
	2016	30	248	62	131	279	125	201	139	97%
	2017	36	235	47	141	247	317	181	134	96%

(a) Because of the major work underway in 2017, Hoog Catharijne was excluded from the reporting (the values, which are overly impacted, add noise to the country's annual trends).

Market based		France-Belgium	Italy	Scandinavia	Iberia	Central Europe & Turkey	The Netherlands <sup>(a)</sup>	Germany	Group	Group coverage rate
tCO <sub>2</sub> e	2016	4,913	20,536	6,463	7,649	29,148	552	6,104	75,364	97%
	2017	9,564	24,571	6,162	10,552	28,264	325	5,616	85,053	96%
kgCO <sub>2</sub> e/sq.m	2016	6	29	8	24	43	4	22	20	97%
	2017	8	29	10	28	48	5	20	21	96%
gCO <sub>2</sub> e/visit	2016	20	140	70	77	233	13	175	95	92%
	2017	31	142	71	99	220	20	164	100	96%

(a) Because of the major work underway in 2017, Hoog Catharijne was excluded from the reporting (the values, which are overly impacted, add noise to the country's annual trends).



The Act for Good® strategy raises the ambition with the commitment, in 2022, to have the five bigger shopping centers of the portfolio being carbon positive. These centers are Field's (Copenhagen, Denmark), Créteil Soleil (Paris area, France), Val d'Europe (Paris area, France), Porta di Roma (Roma, Italy) and Emporia (Malmö, Sweden). These five centers are considered as innovation pilots, positive results obtained are meant to be replicated on the other shopping centers to aim the carbon neutrality of the entire portfolio.

## A 19% decline in emissions on a like-for-like basis since 2013

On a pro forma like-for-like basis, emissions from energy usage in the common areas and shared equipment in buildings have fallen 19% since 2013, representing a reduction of 21,165 metric tons of CO<sub>2</sub>e in four years. There was a 19% decline in gCO<sub>2</sub>e/visit at Group level.

► **GREENHOUSE GAS EMISSIONS IN TCO<sub>2</sub>E AND CARBON INTENSITY IN KGCO<sub>2</sub>E/SQ.M AND GCO<sub>2</sub>E/VISIT FROM ENERGY USAGE IN COMMON AREAS AND SHARED EQUIPMENT**

2017/13 like-for-like basis (75% coverage): 105 shopping centers and 3,705,432 sq. m

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

Location-based		France-Belgium	Italy	Scandinavia	Iberia	Central Europe & Turkey	The Netherlands	Germany	Group	Group coverage rate
tCO <sub>2</sub> e	2013	9,092	34,079	7,166	9,362	37,883	4,393	6,822	108,797	75%
	2015	7,045	31,628	4,626	8,672	34,686	3,083	6,696	96,435	
	2016	6,081	30,869	4,820	8,658	32,927	3,122	6,259	92,735	
	2017	6,931	28,819	3,301	8,957	29,830	4,308	5,486	87,632	
	<b>2017/16</b>	<b>14%</b>	<b>-7%</b>	<b>-32%</b>	<b>3%</b>	<b>-9%</b>	<b>38%</b>	<b>-12%</b>	<b>-6%</b>	
	<b>2017/13</b>	<b>-24%</b>	<b>-15%</b>	<b>-54%</b>	<b>-4%</b>	<b>-21%</b>	<b>-2%</b>	<b>-20%</b>	<b>-19%</b>	
kgCO <sub>2</sub> e/sq.m	2013	12	57	12	42	59	46	27	34	75%
	2015	9	53	8	39	54	32	26	30	
	2016	8	52	8	39	51	32	25	29	
	2017	8	52	6	43	52	45	21	29	
	<b>2017/16</b>	<b>1%</b>	<b>0%</b>	<b>-21%</b>	<b>10%</b>	<b>1%</b>	<b>38%</b>	<b>-14%</b>	<b>0%</b>	
	<b>2017/13</b>	<b>-30%</b>	<b>-9%</b>	<b>-48%</b>	<b>2%</b>	<b>-12%</b>	<b>-2%</b>	<b>-21%</b>	<b>-14%</b>	
gCO <sub>2</sub> e/visit	2013	42	254	113	127	338	432	222	166	75%
	2015	32	239	73	115	292	330	207	148	
	2016	28	237	75	112	277	346	196	143	
	2017	32	227	52	113	244	482	175	135	
	<b>2017/15</b>	<b>12%</b>	<b>-4%</b>	<b>-30%</b>	<b>1%</b>	<b>-12%</b>	<b>39%</b>	<b>-11%</b>	<b>-6%</b>	
	<b>2017/13</b>	<b>-24%</b>	<b>-10%</b>	<b>-54%</b>	<b>-11%</b>	<b>-28%</b>	<b>12%</b>	<b>-21%</b>	<b>-19%</b>	

Market based		France-Belgium	Italy	Scandinavia	Iberia	Central Europe & Turkey	The Netherlands	Germany	Group	Group coverage rate
tCO <sub>2</sub> e	2016	3,693	18,312	5,807	5,150	27,376	318	5,491	66,147	75%
	2017	5,446	20,765	5,553	5,162	26,447	325	5,008	68,706	
	<b>2017/16</b>	<b>47%</b>	<b>13%</b>	<b>-4%</b>	<b>0%</b>	<b>-3%</b>	<b>2%</b>	<b>-9%</b>	<b>4%</b>	
kgCO <sub>2</sub> e/sq.m	2016	5.1	30.9	9.5	23.2	42.4	3.3	21.6	21	
	2017	6.6	37.4	10.5	24.7	45.9	3.4	19.4	23	
	<b>2017/16</b>	<b>30%</b>	<b>21%</b>	<b>10%</b>	<b>6%</b>	<b>8%</b>	<b>2%</b>	<b>-10%</b>	<b>10%</b>	
gCO <sub>2</sub> e/visit	2016	17	146	90	66	230	35	172	103	
	2017	25	164	88	65	216	36	159	106	
	<b>2017/16</b>	<b>44%</b>	<b>12%</b>	<b>-2%</b>	<b>-2%</b>	<b>-6%</b>	<b>3%</b>	<b>-7%</b>	<b>2%</b>	

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

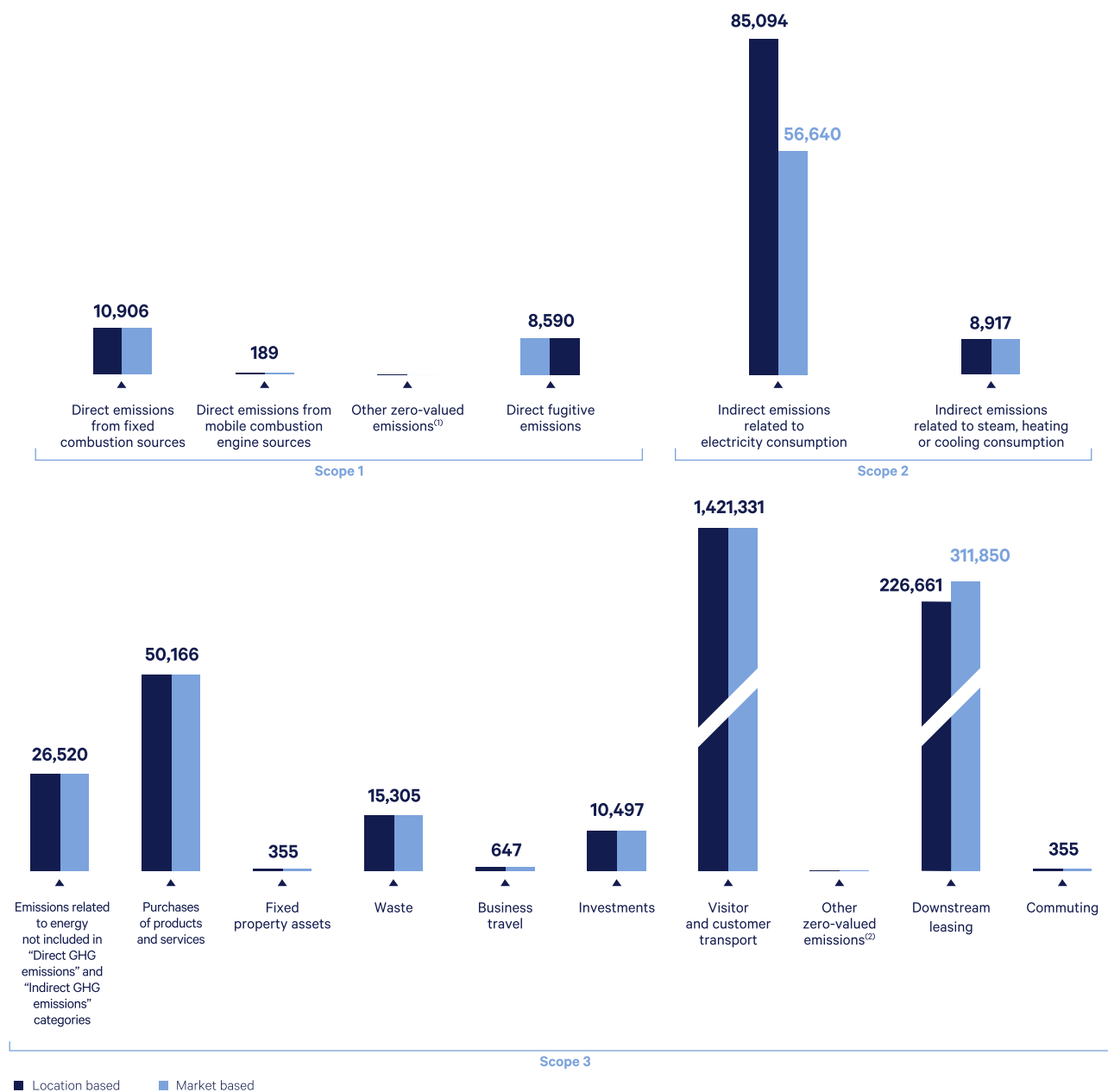
Klépierre's awareness of its impact in terms of greenhouse gas emissions is not limited to the scope of the Group's direct responsibility. The consumption of the retailers and the journeys

made by visitors to the shopping centers are the largest line items in the Group's Scope 3 and are therefore presented below in Klépierre's broader carbon footprint<sup>(1)</sup>.

(1) Journeys by visitors were estimated asset-by-asset using an average distance of 10 to 22 km for a round trip journey depending on the type of asset and applying an emission factor specific to each mode of transportation according to the breakdown of visits. Emissions from retailer energy usage were estimated by extrapolating the CO<sub>2</sub> impact of energy usage for centers for which we have usage information on tenants across the entire property portfolio. Head office emissions include energy usage associated with French head office buildings.

## ► BROADER CARBON FOOTPRINT IN tCO<sub>2</sub>e – SCOPES 1 TO 3

2017 current basis (96% coverage) : 138 shopping centers and 4 988 828 sq.m.  
EPRA: 6.5

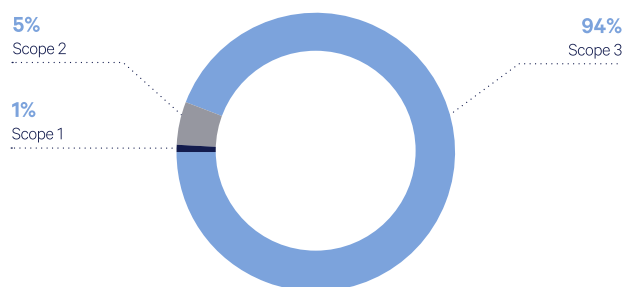


(1) Other Scope 1 zero-valued emissions: direct emissions from processes excluding energy; direct emissions from biomass (soil and forestry).

(2) Other Scope 3 zero-valued emissions: upstream goods transport; upstream leasing assets; downstream goods transport; use of products sold; end of life of products sold; downstream franchise; other indirect emissions.

## ► PROPORTION OF EACH SCOPE IN THE TOTAL OF EMISSIONS

Location-based



Concrete actions to limit the impacts linked to Scope 3 have already been implemented (see section 4.2.1 "Energy Performance").

The Group communicates with the retailers on environmental issues at over 87% of its property portfolio in value.

In addition, 98% of Klépierre shopping centers are accessible by public transportation and, in 2017, 47% of visitors went to the centers by public transportation or by green modes of transportation (walking or cycling).

To assess the indirect emissions precisely, a carbon study was conducted in 2016 to assess certain major items of Scope 3, particularly visitor journeys and the upstream portion of retailers' activity (product manufacture and upstream freight). With the same goal of precision for the Group's carbon accounting, in 2017, Klépierre added some initially missing items (admittedly immaterial, but useful in achieving a comprehensive overall assessment of the various items) to its overall carbon footprint.

### Anticipating the adaptation required due to the effects of climate change

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

- > The main impacts of this adaptation are financial. The actions mentioned above all limit the consequences. They are designed to reduce Klépierre's dependence on fossil fuels and will enable the Group to guard against overly large fluctuations in energy costs.
- > The physical impacts are more limited, as Klépierre's assets are located in the major cities in Europe.

Anticipating them involves dynamic risk management (see section 1.9.4 "Control measures addressing major risks"). Structural audits are systematically performed to warn of the impacts of extreme weather events (storms, heavy rainfall or snowfall, etc.) and the Group's energy saving efforts will help it to protect itself against changes in average temperatures and higher heating or air conditioning requirements. Finally, the Group's property portfolio is not really affected by drought (see next section 4.2.3 "Circular economy").

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

### 4.2.3 Circular economy

#### Waste management

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

The operation of the Group's shopping centers generated over 70,182 metric tons of waste. 99% of this waste was deemed non-hazardous. Bulbs, fluorescent tubes, electronic waste, electrical appliances and paint constitute the bulk of the hazardous waste. They are separated from other types of waste on site and processed through special recovery channels.

#### Klépierre is targeting food waste at its centers!

In 2017, Klépierre signed a Europe-wide partnership with the start-up Too Good To Go.

Using its mobile app, Too Good To Go, restaurant chains can sell the unsold food of the day. The unsold food is sold at rock-bottom prices, enhancing the affordability of products for shopping center visitors.

A dozen centers in five countries have already committed and proposed this option to their tenants.

### Increasing the number of sorting solutions

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

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

Klépierre is ensuring it capitalizes on these experiences: the Group best practices manual contains 12 operational illustrations of exemplary practices in waste management.

On average in Europe, 42% of waste is sorted directly at the centers, representing more than 29,000 metric tons in 2017.

#### ► WASTE SORTED AT THE CENTERS BY TYPE IN METRIC TONS

2017 current basis (93% coverage): 126 shopping centers and 4,714,794 sq.m  
EPRA: Waste-Abs

2017 – Group		In metric tons	As %
1.	Cardboard	14,447	20.6%
2.	Paper	4,401	6.3%
3.	Glass	672	1.0%
4.	Hangers	37	0.1%
5.	Plastic	917	1.3%
6.	Metals	216	0.3%
7.	WEEE	48	0.1%
8.	Pallets	21	0.0%
9.	Food and organic waste	7,553	10.8%
10.	Wood	522	0.7%
11.	Batteries	9	0.0%
12.	Bulbs and fluorescent tubes	4	0.0%
13.	Other waste sorted	706	1.0%
<b>Subtotal Waste sorted on site</b>		<b>29,553</b>	<b>42.1%</b>
<b>Unsorted waste</b>		<b>40,630</b>	<b>57.9%</b>
<b>TOTAL</b>		<b>70,182</b>	<b>100%</b>
Group coverage rate		93%	

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



The Act for Good® Action Plan provides that by 2022, 100% of waste will be diverted from landfill, meaning that it will be recovered.

Klépierre wants to give a new lease of life to waste and involve each retailer in a circular economy approach. The goal is to go beyond mere waste recycling, and instead turn it into a resource and give it a new lease of life. Cooperation with centers and retailers is thus essential to achieving this circular economy goal.

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



► PROPORTION OF WASTE RECYCLED AND RECOVERED<sup>(1)</sup>

2017 current basis (92% coverage): 102 shopping centers and 4,009,731 sq.m

	France-Belgium	Italy	Scandinavia	Iberia	Central Europe & Turkey	The Netherlands <sup>(a)</sup>	Germany	Group	Group coverage rate
<b>RECYCLED</b>									
2015	33%	39%	52%	32%	30%	0	0	37%	86%
2016	33%	42%	52%	33%	39%	37%	67%	39%	86%
<b>2017</b>	<b>28%</b>	<b>38%</b>	<b>52%</b>	<b>38%</b>	<b>36%</b>	<b>65%</b>	<b>67%</b>	<b>42%</b>	<b>92%</b>
<b>RECOVERED</b>									
2015	80%	48%	100%	60%	62%	1	1	75%	86%
2016	80%	48%	99%	59%	66%	99%	100%	75%	86%
<b>2017</b>	<b>78%</b>	<b>68%</b>	<b>100%</b>	<b>59%</b>	<b>44%</b>	<b>97%</b>	<b>99%</b>	<b>75%</b>	<b>92%</b>

(a) Because of the major work underway in 2017, Hoog Catharijne was excluded from the reporting (the values, which are overly impacted, add noise to the country's annual trends).

► BREAKDOWN OF WASTE BY DESTINATION

2017 current basis (94% coverage): 129 shopping centers and 4,740,614 sq.m

EPRA: Waste-Abs

		France-Belgium	Italy	Scandinavia	Iberia	Central Europe & Turkey	The Netherlands <sup>(a)</sup>	Germany	Group	Group coverage rate
Recycled	a	5,381	3,223	3,269	3,848	2,514	1,809	293	20,336	94%
Reused	b	245	1,196	0	0	309	0	0	1,750	
Composted	c	79	584	670	1,610	118	48	27	3,135	
<b>Subtotal recycled</b>	<b>a+b+c</b>	<b>5,704</b>	<b>5,004</b>	<b>3,938</b>	<b>5,458</b>	<b>2,941</b>	<b>1,857</b>	<b>320</b>	<b>25,221</b>	
Incinerated	e	5,642	0	4,559	470	865	845	148	12,530	
Any other form of recovery	f	970	3,513	898	0	129	0	100	5,611	
<b>Subtotal recovered</b>	<b>a+b+c+e+f</b>	<b>12,317</b>	<b>8,516</b>	<b>9,395</b>	<b>5,929</b>	<b>3,935</b>	<b>2,702</b>	<b>568</b>	<b>43,562</b>	
Landfill + incinerated not recovered	g	10,417	6,154	369	4,281	5,171	70	358	26,820	
<b>TOTAL IN METRIC TONS</b>		<b>22,734</b>	<b>14,671</b>	<b>9,765</b>	<b>10,209</b>	<b>9,106</b>	<b>2,772</b>	<b>926</b>	<b>70,182</b>	

(a) Because of the major work underway in 2017, Hoog Catharijne was excluded from the reporting (the values, which are overly impacted, add noise to the country's annual trends).

► CHANGE IN BREAKDOWN OF WASTE BY DESTINATION

2017/15 like-for-like basis (71% coverage): 96 shopping centers and 3,510,408 sq.m

EPRA: Waste-LfL

		2017		2016		2015		Group coverage rate
		Group		Group		Group		
		In metric tons	As a %	In metric tons	As a %	In metric tons	As a %	
Recycled	a	14,640	30%	16,856	36%	15,998	35%	71%
Reused	b	1,582	3%	37	0%	222	0%	
Composted	c	2,771	6%	1,398	3%	605	1%	
Subtotal recycled	a+b+c	18,993	39%	18,291	39%	16,824	37%	
Incinerated	e	9,651	20%	8,207	17%	6,916	15%	
Any other form of recovery	f	5,138	11%	8,810	19%	10,245	23%	
Subtotal recovered	a+b+c+e+f	33,781	69%	35,309	75%	33,985	75%	
Landfill + incinerated not recovered	g	18,111	31%	11,909	25%	11,458	25%	
TOTAL		51,892	100%	47,218	100%	45,443	100%	

In 2017, significant work leading to higher precision in waste reporting was conducted over the entire scope for greater transparency regarding the destination of waste collected (which explains the trends in the tables above).

Waste management at a center involves a large number of parties, and this is the main reason the Group wanted to involve its partners in the search for innovative solutions:

- > Klépierre signed a partnership with Veolia, a recognized player in waste management, to make the Val d'Europe center an innovation test bed. Lasting some six months, this pilot was intended to combine Klépierre's expertise in running shopping centers with Veolia's expertise in waste management in order to jointly develop the solutions of the future.

- > Another pilot on optimized waste management was also launched at the Claye Souilly center.

- > In addition to managing final waste, the Group also wants to promote and develop initiatives to breathe new life into it by involving each tenant in a circular economy approach. The goal is to go beyond mere waste recycling, and instead turn it into a resource and give it a new use. Cooperation between the Klépierre teams and the retailers is thus essential to achieving this circular economy goal.

<sup>(1)</sup> The authorities are responsible for the collection of waste on certain sites in Italy, France, and Turkey. These sites are not included in the reporting because the Group does not have control over the final destination of the waste and does not receive any reports from the provider, which explains the 86% coverage rate.



## Water consumption

The Group's shopping centers used 3.6 million m<sup>3</sup> of water in 2017. This figure includes tenant consumption because the Group knows the usage of all buildings throughout Europe.

The most significant variable in the water price is the cost of treating waste water. The Group focuses its efforts on two areas: limiting the amount of water used and monitoring the quality of wastewater.

### ► WATER CONSUMPTION IN M<sup>3</sup> AND WATER CONSUMPTION INTENSITY IN M<sup>3</sup>/SQ.M AND L/VISIT

2017 current basis (93% coverage): 136 shopping centers and 4,918,367 sq.m  
EPRA: Water-Abs – Water-Int

		France-Belgium	Italy	Scandinavia	Iberia	Central Europe & Turkey	The Netherlands <sup>(a)</sup>	Germany	Group	Group coverage rate
m <sup>3</sup>	2015	871,834	1,321,695	373,200	310,059	685,390	22,055	125,856	3,710,089	85%
	2016	846,199	1,281,014	391,130	220,780	657,244	58,726	126,798	3,581,890	90%
	2017	949,813	1,101,426	358,163	337,018	665,408	26,345	118,636	3,556,809	93%
m <sup>3</sup> /sq.m	2017	0.59	1.23	0.45	0.68	0.83	0.19	0.42	0.71	93%
L/visit	2017	4.26	7.85	5.68	4.27	6.66	2.17	4.89	4.16	93%

(a) Because of the major work underway in 2017, Hoog Catharijne was excluded from the reporting (the values, which are overly impacted, add noise to the country's annual trends).

## Very low risk of water stress

The Group's property portfolio is not very exposed to water stress. Over 95% of centers (in value) are not affected by this situation. Only eight centers are exposed in four countries (three in Turkey, one in Hungary, two in Italy and two in Spain). The other countries are not subject to this stress. For exposed centers, Klépierre has implemented special measures: the Group's best practices guide provides recommendations for centers with a high risk of water stress.

For the rest of the Group's portfolio, the reduction of water consumption is still an operational objective for sites and is monitored.

### ► PROPORTION OF CENTERS NOT EXPOSED TO WATER STRESS RISK IN 2017 (% IN VALUE)

2017 current basis (98% coverage): 138 shopping centers and 5,027,646 sq.m

	France-Belgium	Italy	Scandinavia	Iberia	Central Europe & Turkey	The Netherlands	Germany	Group	Group coverage rate
Unexposed	100%	88%	100%	91%	78%	100%	100%	95%	
Exposed (% in value)	0%	12%	0%	9%	22%	0%	0%	5%	98%
Exposed (in number of centers)	0	2	0	2	4	0	0	8	

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

## 0.75 m<sup>3</sup>/sq.m, 10% down over the past four years on a like-for-like basis

The Group's usage is down 10% over the past four years on a like-for-like basis.

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

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

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

The Group is also gradually rolling out automatic instantaneous measurement systems for water usage.

The use of water-saving materials, better management of green spaces with less water-hungry species or the recovery and reuse of rainwater are the main options explored for Klépierre's buildings.

### Best practice air-cooling towers in Warsaw

- > In line with the Group's best practices, the center at Sadyba, which had to replace its air-cooling towers, switched to adiabatic cooling towers, improving safety (no more risk of legionella) as well as energy gains of over 60%, and water of over 80%.
- > The return on investment horizon calculated at the outset of the project of 3.5 years, was measured in real operating conditions at less than 2 years.

► **WATER CONSUMPTION IN M<sup>3</sup> AND WATER CONSUMPTION INTENSITY IN M<sup>3</sup>/SQ.M AND L/VISIT**

2017/13 like-for-like basis (74% coverage): 88 shopping centers and 2,922,794 sq.m  
EPRA: Water- LfL – Water-Int.

		France-Belgium	Italy	Scandinavia	Iberia	Central Europe & Turkey	The Netherlands	Germany	Group	Group coverage rate
m <sup>3</sup>	2013	837,053	604,471	244,375	184,201	648,555	8,066	81,438	2,608,160	74%
	2015	781,427	583,871	251,438	185,016	642,698	10,276	91,202	2,545,928	
	2016	723,543	532,260	271,090	177,826	628,556	10,616	94,402	2,438,294	
	2017	692,008	509,613	261,037	177,402	576,165	9,940	92,239	2,318,404	
	2017/16	-4%	-4%	-4%	0%	-8%	-6%	-2%	-5%	
	2017/13	-17%	-16%	7%	-4%	-11%	23%	13%	-11%	
m <sup>3</sup> /sq.m	2013	0.87	1.64	0.39	1.00	0.90	0.09	0.46	0.84	72%
	2015	0.82	1.60	0.39	1.00	0.90	0.12	0.52	0.82	
	2016	0.76	1.46	0.42	0.96	0.88	0.12	0.54	0.78	
	2017	0.72	1.32	0.41	0.84	0.80	0.09	0.41	0.75	
	2017/16	-6%	-10%	-3%	-13%	-8%	-25%	-24%	-4%	
	2017/13	-17%	-20%	5%	-15%	-11%	-1%	-12%	-10%	
L/visit	2013	3.84	7.84	3.86	5.65	5.53	9.53	3.66	4.90	74%
	2015	3.65	7.38	3.94	5.31	5.19	11.20	4.09	4.71	
	2016	3.41	6.83	4.20	5.02	5.09	11.13	4.28	4.54	
	2017	3.71	6.48	4.13	4.84	4.71	10.55	4.15	4.51	
	2017/16	9%	-5%	-2%	-4%	-8%	-5%	-3%	-1%	
	2017/13	-3%	-17%	7%	-14%	-15%	11%	13%	-8%	

### Monitoring the quality of waste water

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

### Natural resources

#### Strict and limited use of natural resources

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

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

This management consists for instance of:

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

- > systematically considering the use of environmentally-friendly materials;
- > examining the origin of raw materials used, in particular wood for which companies must prove that it is legally sourced. Klépierre favors certification under the PEFC™ or FSC® programs.



The Act for Good® strategy provides that by 2020, 100% of development projects will source certified wood during the construction phase.

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

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

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

## Biodiversity and health quality

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

### Biodiversity studied as part of all developments

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

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

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

### Initiatives to encourage biodiversity at a majority of centers



The Act for Good® action plan provides that by 2022, 100% of development projects will implement a biodiversity action plan.

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

In 2017, 94% of centers took at least one action in favor of biodiversity:

- > shelters to house bird nests;
- > Partnership with a school to raise awareness about biodiversity efforts;
- > development of green areas;
- > presence of hives.

#### ► INITIATIVES TO PROMOTE BIODIVERSITY

2017 current basis (98% coverage):  
138 shopping centers and 5,027,646 sq.m

	Number of centers	% in value	Group coverage rate
Environmental-friendly management of green spaces	24	17%	98%
Partnership with an association and/or a school	5	4%	
Biodiversity action plan	3	2%	
Wildlife shelters	12	9%	
Other initiatives	86	62%	
<b>At least one action</b>	<b>130</b>	<b>94%</b>	

## 4.2.4 Building certification

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

### Making the most of the complementarity of BREEAM and ISO 14001

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

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

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

### Goal: 100% of assets with sustainable development certifications

In 2017, over 75% of the Group's portfolio was certified in value, mainly through the BREEAM and ISO 14001 certifications.

Since 2016, the La Gavia center in Madrid (Spain) also has ISO 50001 certification which provides a more precise assessment of energy management. In 2017, a second Spanish center was awarded certification: the Plenilunio center (Madrid, Spain).



The Group now wants to consolidate this level while renewing its current certifications. The objective of the Act for Good® plan for 2022 is twofold: to obtain at least a "sustainable development" certification for existing centers and to guarantee that 100% of development projects will be certified at least BREEAM "Excellent" by 2022.

The priority remains to have the centers BREEAM In Use certified; however, for very small centers for which BREEAM certification is less relevant, we are working on deploying an internal "sustainable development" certification.

#### ► PROPORTION OF CENTERS CERTIFIED

2017 current basis (98% coverage):  
138 shopping centers and 5,027,646 sq.m

	Group	Group coverage rate
2015	64.6%	100%
2016	67.9%	100%
<b>2017</b>	<b>75.4%</b>	<b>98%</b>

## First Cradle to Cradle™ certification in a shopping center!

Klépierre will open a brand new shopping center in Marseille in Spring 2018. All the materials and products used during construction were selected and used in accordance with the requirements imposed by the Cradle to Cradle™ label; a first for a commercial tertiary building!

This label, which was established in 2010, deals with reusable products and ensures the proper use of materials, energy, water and labor.

### ► PROPORTION OF CENTERS CERTIFIED BY TYPE OF CERTIFICATION (% IN VALUE)<sup>(1)</sup>

2017 current basis (98% coverage):  
138 shopping centers and 5,027,646 sq.m  
EPRA: Cert-Tot

	Number of centers	Rentable floor area certified	% in value	Group coverage rate
ISO 14001	48	2,018,359	36.3%	98%
ISO 50001	2	140,702	4.0%	
Breeam in Use	34	1,355,285	35.2%	
Other certifications	1	72,766	1.2%	
<b>AT LEAST ONE OPERATIONAL CERTIFICATION</b>	<b>76</b>	<b>3,150,199</b>	<b>68.9%</b>	
<b>BREEAM NEW CONSTRUCTION</b>	<b>10</b>	<b>527,406</b>	<b>13.4%</b>	
<b>At least one certification</b>	<b>82</b>	<b>3,490,828</b>	<b>75.4%</b>	

### ► BREAKDOWN OF VISITS BY TRANSPORTATION METHOD

2017 current basis (84% coverage): 125 shopping centers and 4,563,416 sq.m  
EPRA: 6.4

		France-Belgium	Italy	Scandinavia	Iberia	Central Europe & Turkey	The Netherlands <sup>(a)</sup>	Germany	Group	Group coverage rate
Motorized transportation	2015	57%	90%	53%	64%	40%	0	0	59%	92%
	2016	58%	91%	46%	62%	43%	22%	36%	59%	98%
	<b>2017</b>	<b>58%</b>	<b>90%</b>	<b>54%</b>	<b>64%</b>	<b>42%</b>	<b>41%</b>	<b>34%</b>	<b>55%</b>	84%
Public transportation	2015	21%	6%	26%	20%	42%	0	0	24%	92%
	2016	21%	5%	31%	21%	39%	46%	45%	24%	98%
	<b>2017</b>	<b>21%</b>	<b>6%</b>	<b>26%</b>	<b>18%</b>	<b>32%</b>	<b>33%</b>	<b>46%</b>	<b>26%</b>	84%
Green transportation	2015	22%	4%	21%	16%	18%	0	0	17%	92%
	2016	22%	4%	24%	17%	17%	32%	19%	17%	98%
	<b>2017</b>	<b>21%</b>	<b>4%</b>	<b>20%</b>	<b>18%</b>	<b>26%</b>	<b>26%</b>	<b>20%</b>	<b>19%</b>	84%

(a) Because of the major work underway in 2017, Hoog Catharijne was excluded from the reporting (the values, which are overly impacted, add noise to the country's annual trends).

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

96% of the Group's centers in value are accessible by public transportation, with at least one stop located less than 500 meters from an entrance and services at least every 20 minutes. All the sites developed, extended or renovated since 2012 are accessible by public transportation.

## 4.2.5 Sustainable mobility

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

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

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

45% of visitors either walk or take public transportation to the Klépierre centers. 26% of visitors use public transportation, reflecting the strategic repositioning undertaken over the past number of years toward more central and better connected assets as well as the ongoing efforts regarding transportation options.

As part of its latest customer satisfaction survey (see section 4.4.1 "Visitor satisfaction"), Klépierre integrated questionnaires on the accessibility of the centers in order to refine its data on journeys by visitors. Based on the 26,466 responses obtained (all centers combined), Klépierre was able to assess, among other things, the car occupancy rate, which is 2.43 persons per vehicle on average. The more detailed data will be used to refine the calculation of CO<sub>2</sub> emissions related to the greatest item in the Group's carbon footprint, namely visitors' journeys.

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

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

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

Electric cars are also a major area of interest. 55% of parking facilities at the Klépierre centers are adapted for such vehicles and equipped with chargers for them, versus 28% in 2012. This number reflects highly varied maturity levels across countries. In Scandinavia and the Netherlands, where electric car usage has exploded, 98% of the centers are equipped. In the other regions, Klépierre is anticipating demand while monitoring the market at a strategic level together with the main players, and it plays a leading role in the national charging station network at its largest assets. Several of the Group's centers can also be accessed via electric car sharing programs, such as Autolib' in the Greater Paris area.



Through Act for Good®, Klépierre commits to encouraging its visitors to switch to more sustainable modes of transportation. The Group thus projects that by 2022, 100% of its shopping centers will be accessible by public transportation and equipped with charging stations for electric vehicles.

In 2016, Klépierre partnered with Blue Solutions, a Groupe Bolloré subsidiary, to equip its shopping centers with 100% electric utility vehicles. 22 vehicles were made available to safety and security personnel and therefore provide logistical support in 18 Klépierre centers in France. Manufactured in France, the Blue Utility is equipped with a globally unique technology, the LMP (Lithium Metal Polymer) battery, which allows it to travel 250 km without being recharged.

In 2017, the Le Gru shopping center in Turin signed a partnership with Car2go. This company has a car-sharing offering built around short-term hire. A Car2go station was thus installed in the shopping center's car park, thereby allowing customers to rent a car right from the facility.

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

#### European cooperation with Tesla!

Klépierre and Tesla have set the basis for their future cooperation in the form of a European framework agreement. In 2018, three pilot French centers installed a "fast charging" station in their parking lots, allowing users of Tesla vehicles to recharge them in less than 30 minutes.

Other pilots are being considered elsewhere in Europe.

#### ► PUBLIC TRANSPORTATION AND ALTERNATIVE SOLUTIONS

2017 current basis (94% coverage): 133 shopping centers and 4,801,655 sq.m

	France-Belgium	Italy	Scandinavia	Iberia	Central Europe & Turkey	The Netherlands <sup>(a)</sup>	Germany	Group	Group coverage rate
<b>Proportion in value of centers accessible by public transportation</b>									
2015	97%	86%	100%	100%	100%	100%	100%	97%	94%
2016	100%	86%	100%	100%	100%	100%	100%	98%	94%
<b>2017</b>	<b>100%</b>	<b>86%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>96%</b>	<b>94%</b>
<b>Proportion in value of centers with spaces reserved for cyclists</b>									
2015	93%	88%	100%	67%	97%	N/A	N/A	92%	94%
2016	95%	88%	100%	90%	100%	100%	100%	95%	94%
<b>2017</b>	<b>95%</b>	<b>88%</b>	<b>100%</b>	<b>90%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>95%</b>	<b>94%</b>
<b>Proportion in value of centers equipped with charging terminals for electric vehicles</b>									
2015	33%	24%	99%	40%	32%	N/A	N/A	47%	94%
2016	47%	24%	99%	41%	37%	96%	27%	54%	94%
<b>2017</b>	<b>52%</b>	<b>32%</b>	<b>98%</b>	<b>60%</b>	<b>35%</b>	<b>92%</b>	<b>28%</b>	<b>55%</b>	<b>94%</b>

(a) Because of the major work underway in 2017, Hoog Catharijne was excluded from the reporting (the values, which are overly impacted, add noise to the country's annual trends).

## 4.3 Act for Territories

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

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

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

- > public authorities: they are present early in the development of a shopping center, and afterward throughout its operation, to create conditions conducive to business activities that are in the collective interest. 93% of centers met their local authorities in 2017;
- > voluntary associations: to create a stronger bond between the center and its local area;
- > the economic partners heavily involved in the life of centers: these include project managers, consultants or other partners during the development and construction phase, or service providers providing site cleaning, maintenance and security services day-in day-out.



### 4.3.1 Local employment and economic momentum

#### Economic impact

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

#### Significant local economic impact

- > Klépierre's shopping centers generate close to 80,000 jobs<sup>(1)</sup>, mostly at the retailers which operate in its centers or at the service providers retained by the Group. The development of the Group's shopping centers thus provides major job creation opportunities.
- > The operating budgets of the centers total around 346 million euros<sup>(2)</sup>. These funds are mostly redistributed locally to center service providers responsible for cleaning, safety and security and maintenance.
- > The Group also paid 78.6 million euros in local taxes in 2018 across all its sites in Europe, with nearly half in France.

#### A leading role locally in terms of job creation

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

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



As part of the Act for Good® strategy, Klépierre aims to promote its centers as a benchmark in terms of local value creation. The Group seeks to further promote local employment around its shopping centers. Klépierre is committed to using 100% local services providers by 2022 (a local provider is a regional provider and/or one that is located within a maximum radius of 300 km for the daily operations of the center).

These relationships continue throughout the life of the center and may take different forms. Consideration is also given to the use of outsourcing and service providers. Most of the jobs created as a result of the purchase of services at shopping centers are created locally (see the "Purchasing" section).

In 2017, 24% of centers undertook at least one local employment initiative (more than 50% in France). Many centers republished job offers placed by the retailers, by means of physical display in the email, or via a dedicated website.

Many job fairs were also held at the centers.

The Villa Arena center (Amsterdam, The Netherlands) teamed up with the local town hall to provide year-round support for actions and projects designed to encourage local employment.

Klépierre aims to replicate these initiatives across all its centers in Europe, primarily by means of sharing of best practices.



The Group commits to ensuring that 100% of shopping centers will contribute to local employment by 2022: through the organization of a jobs fair, partnerships with local training and employment centers for example.

### 4.3.2 Taking part in local life and corporate citizenship

Aware of its broad footprint, Klépierre wants to be active in the local life surrounding all its sites. Its centers welcome thousands of visitors daily and are a perfect vehicle for raising the profile of local projects or associations. The Group encourages its centers and retailers to be good corporate citizens and makes every effort to remove barriers to achieving that goal at the centers.

In 2017, almost 60% of centers provided space free of charge for use by a local initiative at least once during the year. This represents 92 centers in total. 81% are in France.

Close to three fourths of the centers in questions offered space in their email to a charity such as Red Cross, Unicef, Amnesty International or Food Bank.

Local associations also got access to these free spots. The centers thus hosted sports clubs, student bodies, and arts associations.

The Group is involved in a variety of original initiatives such as hosting a local start-up incubator, or an organic market with local producer stands.

In the Netherlands, a "BookSpot" was installed at the Hoog Catharijne center (Utrecht) in partnership with the Books4Life foundation. It collects unsold books or former library books and makes them available to the "BookSpots". Center visitors can thus take these books free of charge and participate by giving books in turn.



The Act for Good® action plan provides that by 2022, 100% of centers will provide space for use by a local initiative free of charge.

Klépierre contributes to the circular economy and looks to give a new lease of life to products that are sold in its centers. The Group encourages the centers to launch such initiatives in cooperation with local organizations and associations. Its wants to make its visitors and partners more aware of more responsible consumption patterns.

Accordingly, in 2017, 44% of centers did at least one collection for a charitable organization. Millions of corks, eyeglass frames and items of clothing were collected during the year.

(1) Number of jobs estimated by extrapolating the employment intensity per sq.m by type of store. Source: Panorama Tradedimension, le Guide 2014 de la distribution, September 2013.

(2) Excludes marketing budgets, taxes, management fees.

In Italy, for example, the Le Corti Venete center (Verona) even partnered up with a local charity (Progetto Casa di Martino) to collect basic necessities and food every Monday. They collected eight metric tons of goods in 2017.



The Act for Good® action plan provides that by 2022, 100% of centers will organize a clothing/toys/furniture drive for a local charity.

It is important for Klépierre to support the corporate citizenship efforts of its tenants and to offer them the support and visibility they need for their actions. Cooperation with the retailers is a win-win for all because it makes it possible to jointly develop new initiatives and amplify the impact of actions.

In 2017, 37% of centers supported a community initiative organized by a retailer.

For example, in Portugal, the Parque Nascente center (Porto) organized an event entitled "Combating poverty and social exclusion" in cooperation with the Jumbo retail chain. The center provided logistical support for this event, which lasted a week.



The Act for Good® action plan provides that by 2022, 100% of centers will support a community event organized by a retailer in their center.

## 4.4 Act for People

### 4.4.1 Visitor satisfaction

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

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

The Group's Marketing Department therefore focused on creating targeted customer questionnaires. Visitors were surveyed directly in the shopping centers: 26 studies were thus carried out in 2017, each comprising a panel of more than 1,000 visitors meaning that a total of over 26,000 people were surveyed across Europe. The survey questionnaires were also harmonized throughout Europe, in order to obtain the most usable answers possible in all the countries in which Klépierre operates.

The satisfaction surveys had a number of aims:

- > to measure center attractiveness;
- > to define visitor profiles;

### 4.3.3 Involvement of stakeholders in development projects

Klépierre puts particular emphasis on development projects. Through the deployment of its strategy, the Group wants to involve its stakeholders from the outset of the project to co-build the shopping centers of tomorrow. This is a unique opportunity to re-engineer the processes, innovate and build in a CSR approach before carrying out the project.



The Act for Good® action plan provides that by 2022, 100% of development projects will plan a participatory approach.



The Act for Good® action plan provides that by 2022, 100% of development projects will have suppliers sign a "sustainability charter" covering both procurement and construction site management.

There were no major developments launched in 2017. Klépierre teams only had few opportunities to involve stakeholders in development projects.

- > to identify visitor loyalty and the competitiveness of rivals;
- > to measure visitor loyalty;
- > to learn their mode of transportation to the centers;
- > to ask about their expectations about services and events and their retailer preferences.

Questionnaires were also sent by e-mail to the Group's customer database. There were 93 of these surveys in 2017. Their aims were similar to those of the paper surveys: to measure customer satisfaction and the attractiveness of the centers.

68% of French centers conducted visitor satisfaction surveys in 2017 and 65% set specific improvement goals for the results of visitor satisfaction surveys. Klépierre places great importance on feedback from its visitors in order to continually improve customer experience. At least one satisfaction survey has been carried out at 81% of shopping centers in value over the past two years.

In parallel, Klépierre is gradually developing tenant satisfaction surveys (20.4% of centers did such surveys in 2017).

## ► VISITOR SATISFACTION SURVEYS

2017 current basis (98% coverage): 138 shopping centers and 5,027,646 sq.m

	France-Belgium	Italy	Scandinavia	Iberia	Central Europe & Turkey	The Netherlands <sup>(a)</sup>	Germany	Group	Group coverage rate
<b>PROPORTION IN VALUE OF CENTERS WHICH HAVE CARRIED OUT AT LEAST ONE SATISFACTION SURVEY DURING THE LAST 24 MONTHS</b>									
<b>2016 &amp; 2017</b>	<b>68%</b>	<b>98%</b>	<b>81%</b>	<b>100%</b>	<b>68%</b>	<b>100%</b>	<b>87%</b>	<b>81%</b>	<b>98%</b>
<b>NUMBER OF CUSTOMERS SURVEYED</b>									
2015	9,015	4,965	7,902	12,419	3,600	1,866	0	39,767	98%
2016	3,338	5,417	3,000	9,976	5,232	2,886	3,321	33,170	98%
<b>2017</b>	<b>9,965</b>	<b>34,246</b>	<b>7,550</b>	<b>15,208</b>	<b>7,848</b>	<b>1,624</b>	<b>3,321</b>	<b>79,762</b>	<b>98%</b>

(a) Because of the major work underway in 2017, Hoog Catharijne was excluded from the reporting (the values, which are overly impacted, add noise to the country's annual trends).

### The Clubstore® Charter

Clubstore® is one of the Group's four operational pillars. It is a process of improving the customer's journey at each of the 15 stages identified by Klépierre. For these stages, which make up so many points of contact with visitors, the Group has defined quality standards for construction, equipment and behavior that constitute the Clubstore® charter applied in the Group's shopping centers. All Klépierre employees in direct contact with visitors have been trained in this approach, representing over 300 people.

The Clubstore® charter was developed on the basis of feedback from those employees and an internal platform was launched at the end of 2017 to continue the sharing of best practices between employees to nurture and optimize visitor hospitality standards.



By 2022, the Group has set for itself the goal of increasing the average Net Promoter Score (NPS) of its centers by 3 points vs. 2018.

### The #JustAsk service

The penetration rate of social networks has reached 49% in Europe and Klépierre's Facebook community has close to 4 million subscribers. As 55% of visitors to the Group's centers say that Facebook Messenger is their preferred means of getting in touch with its shopping centers, Klépierre has chosen to focus its efforts on that social network.

Its goal is to increase the overall satisfaction of its visitors by offering them a way to stay connected with the shopping center even when they are not visiting.

The Group is committed to responding to its visitors via Facebook Messenger in less than one hour during opening hours. A pilot for this service was launched in November 2016 in three shopping centers and subsequently extended to 40 European centers. It is meant to be deployed in 90 centers by April 2018.

The results are very encouraging and have pushed the Group to extend this approach. The number of questions asked on Facebook has increased by 46% and a survey shows that 86% of internet users believe that getting a response via Facebook 24/7 facilitates their consumption experience.

This service, called #JustAsk, has given visitors:

- > better information about their shopping center (opening hours, special opening hours, events, etc.);
- > better knowledge of the products available in the center (brands, flagship products, current promotions, etc.); and
- > personalized support (lost and found, complaints, etc.).

#JustAsk has also allowed Klépierre to take visitor comments into account to study ways to optimize their experience in centers, and they can also give their opinions or ask questions via the "Contact us" section of all center websites.

In March 2018, a robot will be available 24/7 to answer all the practical questions of Internet users concerning general information about shopping centers such as opening hours, the various services available, promotions, etc.

in the longer term, Klépierre plans to roll out a global and personalized shopping assistant in 2019.



The Act for Good® action plan provides that by 2022, 100% of customers' questions will be responded to in less than one hour.

### 4.4.2 Health and well-being at the centers

Several hundred million people visit Klépierre's shopping centers each year. These are also places where tens of thousands of people work every day. This is why the Group seeks to offer everyone a safe and healthy environment and thus has an active policy in terms of healthcare and well-being.

First of all, shopping centers must have impeccable health quality. Klépierre has identified three major components in this respect:

- > health quality: 92% of the cleaning suppliers are certified, most of them under ISO 14001, and their specifications include products favored for improved health quality. The monitoring and maintenance of ventilation ducts are also highly regulated in Europe;
- > the quality of the materials, coverings, facades, furniture: the Group strives to use healthy materials with low emissions of volatile organic compounds, and with low content of harmful substances. Asbestos and the monitoring of technical facilities are also covered by the Group's risk management policy;



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

Secondly, Klépierre runs healthcare and well-being promotional campaigns in its shopping centers. In 2017, 32% of its shopping centers ran at least one campaign in this area. Initiatives have varied according to centers and countries. They relate both to the promotion of regular sporting activity (information on competitions or local sports events) and to meetings with healthcare or nutrition professionals.

Many centers have hosted blood donation campaigns. A well-being week was organized in the Campania center in Naples, Italy.



As part of its Act for Good® strategy, Klépierre is aiming for all shopping centers to be promoting healthcare and well-being by 2022.

Klépierre also involves its retail tenants in this approach by ensuring that they have the visibility and resources necessary for conducting campaigns in this area. In 2017, 88% of centers ran at least one sustainable development awareness campaign for their tenants. In the vast majority of cases, these campaigns were disseminated using newsletters sent to the tenants. Several centers also ran water recycling awareness campaigns.

Lastly, the well-being of visitors to centers also involves a sense of security. Center safety and security is an absolute priority for Klépierre.

2017 was marked by an increased level of security, with the installation of perimeter protection at all centers. The teams were fully mobilized, allowing the shopping centers to continue welcoming the public against a backdrop of increased security measures.

In 2017, 96% of French centers were equipped with CSMS systems (computer-based safety management systems). This system ensures correct implementation of preventive actions and effective management of incidents through traceability and information sharing (with the police, etc.).

This responsiveness and level of security are the direct result of the steps taken over the past number of years to analyze risks more closely and better control them across all countries in which the Group operates. The steps taken by the Group to ensure a high level of safety and security in its centers are described in section 1.9.4 "Control measures addressing major risks" of this registration document.

#### 4.4.3 Employees

Klépierre provides its employees with a high-quality and stimulating working environment to encourage their involvement and the continuous improvement of practices, both of which are essential for the Group's long-term success. In its new Act for Good® strategy, Klépierre is more generally committed to offering its employees a positive experience, with the same ambition as the one that governs the optimization of the visitor experience.

#### A working environment that promotes communication and agility

##### Long-term and direct social dialog

The Group believes that the quality of social dialog contributes to its collective performance, its agility and the success of transformations. The review of the materiality matrix strengthened this objective, which was already firmly embedded in the Group's practices, by making social dialog with stakeholders (including employees) a strong priority.

Social dialog is built in the subsidiaries, with staff representatives and company management.

In France, for example, social dialog in 2017 took the form of more than 30 meetings with staff representatives and the negotiation of four collective bargaining agreements, including the collective bargaining agreement on the right to turn off of May 10, 2017 and the agreement on professional gender equality, signed on July 31, 2017. All employees in France can access these agreements from a dedicated page on the HR intranet.

In the Netherlands, 15 meetings were held with the Works Council, dealing in particular with the establishment of a new pension plan.

In each country in which it operates, Klépierre complies with the legal requirements in matters of freedom of association and collective bargaining in order to maintain a constructive dialog with all employees. In 2017, 64% of Group employees were covered by a collective bargaining agreement.

Klépierre goes beyond fulfilling its obligations and structures new forms of social dialog in all countries, facilitating interaction.

The Group is in favor of direct and transparent discussions between executives and employees. In 2017, 83 French employees took part in a closed committee meeting with the Chairman of the Group's Executive Board to discuss the Company's strategy and the future of the sector. These twice-monthly "Let's Chat" meetings are also held in the subsidiaries and attended by the Chairman of the Executive Board or locally with the Country Director. At Group level, a discussion session for the Group's 150 top managers supplemented this with a Convention organized in June 2017, thereby fostering the sharing of the corporate culture and building pride.

These measures are included in the action plan embarked upon by the Group's Management in response to the results of the "You&Klépierre" engagement survey that was carried out in 2016. The three main improvement proposals put forward by employees have been implemented.

## Actions implemented following Commitment Survey “You&Klépierre”

Improvement of internal communication channels at Group level	<ul style="list-style-type: none"> <li>&gt; Group Top 150 Convention</li> <li>&gt; Let's Chat, twice monthly meetings of employees with the Chairman of the Executive Board in France and various countries</li> <li>&gt; Roll-out of Workplace</li> <li>&gt; Sourcing expeditions and employee innovation approach</li> <li>&gt; Videos about Group businesses to promote the Group's main sectors of activities both within and outside the Group</li> </ul>
Simplifying and streamlining exchanges between the subsidiaries and the head office	<ul style="list-style-type: none"> <li>&gt; Innovation project incorporating teams that act across the subsidiaries and the head office</li> <li>&gt; Reporting optimization workshop conducted by a member of the Group's Executive Committee</li> </ul>
Acceleration of the talent management policy.	<ul style="list-style-type: none"> <li>&gt; Mobility newsletter and sharing of employees' experiences</li> <li>&gt; Talent review</li> <li>&gt; Roll-out of performance reviews, augmenting the assessment interviews</li> </ul>

These areas of improvement have been taken up by the subsidiaries as part of their action plan, and local responses such as country newsletters are planned. These are to be supplemented by more specific actions directly linked to the expectations expressed by the teams, such as optimization of social benefits, improvement of the working environment, training and personal development plans.

### Quality of life at work for employees

By focusing on the health and well-being of the teams, Klépierre maintains a low level of absenteeism and gives them a high level of attention, encouraging their involvement and a high quality of service to customers.

Quality of life at work is included in the Group CSR materiality matrix as one of the issues that have received a consensus from internal and external stakeholders; the health and safety of employees is also a major priority in the matrix.



To reinforce its policy in favor of health and well-being in the workplace, the Group is committed to ensuring that 100% of its employees benefit from a measure to enhance their work-life balance by 2022. These commitments are made by the Group's extended Executive Committee.

Ensuring a high-quality working environment requires awareness raising and training for all managers and their employees, as well as regular monitoring of procedures and actions to be taken and initiatives for the well-being of the teams.

The action plan to detect and prevent psychosocial risks continues. Psychosocial risks awareness actions were also conducted among the members of the Group's Executive Committee and the management of the Spanish subsidiary before the deployment of training for managers in 2018.

This is in line with the actions taken since 2016 with, in particular, the setting up of a dedicated, free and anonymous psychological helpline provided by AXIS MUNDI in France, an independent expert. The same measure has been implemented in Turkey.

The accountability of managers for team health and safety matters is also raised through training courses on employment law, delivered in France to managers in office and a part of the training of any new managers hired or promoted.

This approach is done in cooperation with staff representatives in the countries where they are present. For example, a collective bargaining agreement on the right to turn off has been signed in France with staff representatives. Applicable to all employees, it includes the proper use of digital communication tools.

In Scandinavia, the Work Environment Committee helped draw up a health survey for all employees, which goes hand-in-hand with medical check-ups. 95% of employees participated in this program, which was run by a specialist provider. Additional measures and a follow-up program were put in place, on an anonymous basis, for those for whom risks were identified.

At end-2017, 75% of Group employees were covered by staff committees or representatives, in terms of health and safety at work.

The annual assessment of occupational risks aims to anticipate potential risks, monitor actions and recall procedures in France. A report is made to the Occupational Risks Committee which brings together multidisciplinary teams including internal audit and control and the HR Department.

Local initiatives are deployed to offer greater flexibility to employees. Teleworking and flexible hours are offered under certain conditions, depending on the country.

### Developing well-being at work



The tenth “Klécup”, the Group's sailing race, gathered 48 employees from 13 countries for three days of racing in Brittany.

In France, Klépierre is sponsor of “Foulées de l'Immobilier”, a running event open to all professionals in the sector. In 2017, the Klépierre teams won the first 1st connected race challenge held during that event. A sports training program and yoga classes are ongoing at the Paris head office, and massages are offered to employees in some subsidiaries. Sports initiatives

between work colleagues are in place in most countries, at the initiative of both the Company or employees, thereby encouraging setting new standards and team spirit. In some countries, the Company financially supports sporting activities.

At the initiative of a few employees a connected race challenge was launched in early January 2018: the “Let's Sport Klépierre Challenge 2018”; each employee posts online, on Workplace, his or her race performances, which are added up within a given country.

In addition to sports, regular events are organized to encourage meetings and convivial exchanges between employees: Happy Hours or breakfasts at the head office, twice monthly Let's Chat meetings with the Chairman of the Executive Board, annual evenings for employees in all countries, the Group Convention and seminars in the countries.

**These initiatives combine to keep the level of absenteeism and the number of workplace accidents at a low level.**

These good results are also linked to:

- > the regular monitoring of the indicators at both the local and consolidated levels;
- > the rigorous monitoring of action plans (in France);
- > the Group's best practices, shared by all subsidiaries and, in particular, the constant monitoring of employee health and safety, with regular internal and external audits, with all employees also benefiting from regular medical check-ups;

- > the raising of awareness and the training of teams in health and safety issues and occupational risks, with 2,419 hours allocated in 2017 to internal communications.

#### ► RATE OF ABSENTEEISM BY REGION

	2017	2016
France-Belgium	1.9%	2.4%
Italy	1.3%	1.3%
Scandinavia	1.7%	1.3%
The Netherlands	1.8%	2.7%
Iberia	1.4%	2.3%
Germany	5.2%	4.1%
Central Europe and Turkey	1.7%	1.2%
<b>GROUP</b>	<b>1.9%</b>	<b>2.0%</b>

*Note: The absenteeism rate is calculated as follows: total number of days off work due to illness, workplace accidents and unjustified absences, divided by the average monthly workforce, in turn multiplied by 365. Long-term illnesses similar to a suspension of the employment contract are excluded.*

#### ► SHORT-TERM ABSENTEEISM (<7 DAYS)

	2017		2016	
	Rate	Number of days lost per employee	Rate	Number of days lost per employee
France-Belgium	0.3%	1.2	0.4%	1.3
Italy	0.7%	2.5	0.8%	3.0
Scandinavia	0.3%	1.3	0.4%	1.4
The Netherlands	0.4%	1.4	0.8%	3.1
Iberia	0.2%	0.5	0.1%	0.2
Germany	4.7%	17.2	0.6%	2.0
Central Europe and Turkey	0.4%	1.5	0.6%	2.1
<b>GROUP</b>	<b>0.6%</b>	<b>2.1</b>	<b>0.5%</b>	<b>1.7</b>

#### ► WORKPLACE ACCIDENTS

	2017	2016
<b>Total number of workplace accidents</b>	<b>9</b>	<b>5</b>
Workplace accidents resulting in time off work	2	1
Workplace accidents resulting in death	0	0
<b>Days off work due to workplace accidents</b>	<b>54</b>	<b>13</b>
Frequency rate of workplace accidents	0.87	0.44
Severity rate of workplace accidents	0.02	0.01
<b>Occupational illnesses reported</b>	<b>0</b>	<b>1</b>

*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.*

#### Fostering employee innovation

Fostering employee innovation and promoting their initiatives and achievements internally are top priorities shared by Group management. In addition to the personal development opportunity for each employee, this initiative boosts the quality of talent recruited, helps improve employee experience and contributes to the Group's operational performance.



The Group has set itself a goal that by 2022 100% of employees will be involved in building the future of the business, in particular through innovation programs, multidisciplinary workshops, sourcing or learning expedition programs, and so on.

Initial steps have already been taken in this direction, both at the head office and country levels.

In that sense, there were new developments in the Group's approach in 2017. It is organized around a network of 28 internal ambassadors from 10 subsidiaries and from virtually all of the Group's businesses, who work in workshops on nine issues facing the Group. The innovation and implementation projects proposed by the nine workshops are regularly presented to the Steering Committee, on which members of the Group's Executive Committee sit.

In addition, there are local initiatives, such as in Turkey where an ideas competition involving employees is held annually on themes connected with the Group's operational challenges. In 2017, it was on investment, with the discussions between the teams providing participants with a better understanding of the business.

Sourcing expeditions are undertaken locally (in France in partnership with “Journée de la femme digitale”, as part of the promotion of diversity) and at the Group level (VivaTech fair in Paris). A cross-disciplinary group of female employees with an interest in the innovation approach undertook a sourcing expedition at the 2017 Journée de la femme digitale. They made presentations and took the opportunity to promote the creation of an internal social network, aimed at making it easier to operate as a more agile organization.



This internal social network, Workplace by Facebook, has been rolled out across the Group since June 2017, thereby enriching the

digital experience of employees. In just a few months, it has become a space for sharing individual and collective initiatives, experiences, achievements and successes, new ideas, etc., which connect virtually all of the Group's employees permanently and instantly; in fact, 78% of them have created their own accounts. They also contribute through focus groups dedicated to a Group project, country, business or ambition, such as Destination Food® or Let's Play®. This is one example of the new collaborative working methods promoted by the Group.

## The excellence of every person to benefit collective performance

### Klépierre, an employer of choice on the market

Talent recruitment is a key issue for Klépierre in achieving its ambitions, ensuring the baton is passed on and benefiting from the richness of the contributions and ideas of its employees.

In addition to its strengths as a listed pan-European property company with a human size, the Group has had a talent management policy for several years, built around the offering of multi-country cross-disciplinary professional development programs.

To this end, Klépierre relies in particular on recruitment practices tailored to the requirements of recent graduates, local managerial support, offering career development opportunities.

#### ► NUMBER OF NEW HIRES

	2017	2016
GROUP	228	216

#### ► BREAKDOWN OF NEW HIRES (ALL CONTRACT TYPES BY REGION)

	2017	2016
France-Belgium	70	75
Italy	23	6
Scandinavia	39	30
The Netherlands	15	27
Iberia	16	23
Germany	19	5
Central Europe and Turkey	46	50
GROUP	228	216

International mobility counts as new hires, totaling 4 in 2017.

### Permanent employment favored, 83% of new hires on open-ended contracts

The talent recruitment methods used by the Group take into account changes in recruitment practices and, in particular, the intensification of presence on social networks, the development of digital recruitment tools and presence on the school job forums. Klépierre's LinkedIn page subscribers have increased by 40% since January 1, 2017. The recruitment policy focuses on hiring recent graduates, mainly from leading engineering and business schools. In addition to traditional recruitment approaches, “gamification” was tried through the HEC Business Game, where in 2017, Klépierre sponsored the challenge “Reinventing the customer experience in a shopping center, in 2030.”

The intern recruitment policy, with 84 interns hosted in 2017 in France and Happy Trainees certification in 2017-2018, is a reflection of appreciation among students and in particular the quality of the support provided by the Company and notably by the managers. This certification, based on an anonymous satisfaction questionnaire sent to interns, has been obtained from the first year of participation. 79% of interns responded.



In parallel and in line with the talent policy, which is focused on offering attractive development pathways, the Group is continuing the international work experience volunteer (VIE) recruitment process. In 2017, 100% of the VIEs were hired on open-ended contracts at the end of their assignments.

Training is an effective tool for on-boarding and developing skills, thereby enabling employees joining the Group to acquire core knowledge about the Group's businesses, build their network and foster teamwork. Tailored on-boarding programs have thus been offered to new arrivals, to help them get up to speed with the Group's organization and challenges. They include, depending on the country, shopping center visits, meetings with the heads of various departments or managers.

The participation of employees in welcoming new entrants as ambassadors for their lines of business represents one of the elements of recognition and validation.

### Fostering employee development

Supporting the professional development of its employees is one of the pillars of Klépierre's human resources policy, giving everyone the opportunity to evolve and remain highly employable. It is also an effective means of allowing teams to renew themselves and innovate to up their performance. Employee training is one of the keys to the organization's agility, enabling it to rapidly adapt to changes in the market and its competitive environment. Finally, it is one of the means of sharing the Group's expertise and culture.



The development of employees and career paths was identified as one of the high-risk internal issues in the Group's CSR materiality matrix.



On the strength of this belief, the Group made a commitment to reach a 100% access to training rate for its employees by 2022.

For several years, training has been organized around Klépierre University, the Group's training school, which is international in

scope. Klépierre University reports to the Group's Human Resources Department. The team in charge of Klépierre University is in direct contact with the human resources departments of each country. The training needs identified by managers during the annual performance appraisals that they do with their employees are entered into the Group's talent management tool and incorporated into the training plan.

The Group had a 90% rate of access to training in 2017, with an average of 30 hours of training per trained employee.

#### ► RATE OF ACCESS TO TRAINING

	2017	2016
GROUP	90%	82%

#### ► ACCESS TO TRAINING BY GENDER

	2017			2016		
	Men	Women	Total	Men	Women	Total
Total number of training hours	16,607	17,987	34,595	14,101	15,940	30,041
Average hours of training per trained employee	33	28	30	29	27	28
Average hours of training per employee	32	24	27	25	21	23
<b>RATE OF ACCESS TO TRAINING</b>	<b>95%</b>	<b>85%</b>	<b>90%</b>	<b>87%</b>	<b>77%</b>	<b>82%</b>

The increase in the rate of access to training in 2017 and in the number of hours is most marked at "Middle Management" and "First Line Management" levels, which account for 32% of the total workforce. 54% of training hours were conducted outside of France, a 37% increase versus 2016.

#### ► NUMBER OF HOURS OF TRAINING PER TRAINED EMPLOYEE BY MANAGEMENT LEVEL

	2017	2016
Executive Management	23	20
Top Management	22	29
Middle Management	38	28
First Line Management	36	29
Non Management	28	27
<b>AVERAGE</b>	<b>30</b>	<b>28</b>

Training is partly carried out in-house by employees, thus accelerating the sharing of best practices and experience, the transmission of Group know-how and culture, through a rewarding process for employees. In 2017, 34,5% of training hours, (11 922 hours) were provided by internal trainers. There has been an "internal trainers" group for a number of years which enjoys dedicated trainings and seminars for its own development. These employees cover a diverse range of training areas including asset management, marketing, system utilization...

Klépierre University's training catalog, which contains a range of 130 courses, changes to keep pace with the Group's challenges and strategy. To meet the operational imperatives, short courses are multiplying and the roll-out of online learning has accelerated (virtual classroom, mobile learning, tutorials, etc.). These new formats make it possible to enhance the satisfaction of learners and their supervisors and to improve the effectiveness of apprenticeships.

In 2017, training programs were rolled out to accelerate the digitization of the various businesses and help improve customer service. A total of 3,495 hours of marketing training were delivered, representing 10% of the total hours provided.

In line with the Group's commitment to offer a high-quality working environment for its employees in terms of health, safety, and well-being in the workplace, employees received 2,419 hours of training on these topics (occupational health, first aid, and fire safety, statutory training such as technical accreditations for teams at the centers).

The training drive and the increased expertise offered by the Group university to the various entities in the countries nevertheless leaves room for creativity at a local level. Accordingly, the teams in Turkey rolled out a training and knowledge-sharing platform.

Staff development requires managerial support.

Identifying high-potential employees, offering development opportunities, and proposing individual career paths are among the main objectives of the Group's human resources policy.

A new system reinforcing managerial support has also been rolled out since the end of 2017 at Group level. The employee assessment process is now divided into two phases: the first is a performance review with a follow-up stage mid-year, and the second is dedicated to employee professional development. This second phase allows managers to more actively support their employee's professional development (mobility, training, etc.). This new process, which is run by the Group's Human Resources Department applies at every level of the organization so that all employees benefit from it. It will give rise to specific training, in addition to the training in the conduct of assessment interviews offered to all managers. During the most recent appraisal interview cycle in 2016-2017, 94% of Group employees, active and with open-ended contracts, had such an interview with their managers.



This initiative is a response to the Group's commitment that 100% of recent graduates will benefit from a personalized career development support between now and 2022.

In support of this policy built around developing employees, in particular through their career opportunities, in 2017 the Group extended the talent review to 250 employees at the highest Company's positions. This process, launched in 2016, aims to identify the employees who stand out by virtue of their development potential and their motivation to grow.

The methodology used, which is the same across the Group, is based on specific criteria. It enables an analysis of each employee's performance, as recorded in the employee's annual assessment interviews, and the employee's potential for development as seen by the employee's supervisor. The process also includes discussions with the Group's top managers to develop a shared vision of the talent within the Company. It ends with a report to the Group's Executive Committee that allows the development of an action plan for the following year. Possible actions include assisting employees toward intra-group mobility.

The deliberate employee career development policy involves geographic or functional mobility, involving some 100 positions in 2017, markedly up on 2016. All recruitment involving open-ended contracts is examined internally by HR managers with regard to mobility opportunities. In this way, Klépierre offers talented recruits the option of growing by developing in-depth expertise, by taking on responsibility, by consolidating their leadership by managing cross-functional projects and by enhancing their ability to grow in a multi-cultural environment. This approach is a preferred route to top management positions within the Group such as general management of an entity. Mobility is widely promoted within the Company, for example in France, through the regular publication of a newsletter detailing all available positions along with interviews with employees promoting their business line. The visibility provided by this system allows the Group HR Department to favor internal candidates over outside recruitment. In 2017, 31% of mobilities and 40% of promotions have benefited to employees under 35 years old.

For example, in 2017, a sales manager for the French subsidiary was promoted following three years with the Group to head of asset management for three Central European countries and the head of asset management for Iberia was promoted CEO of the Dutch subsidiary.

These examples demonstrate the Group's desire to promote talented young employees to high office. Thus, in 2017, the average age of members of the Group Management Team fell two years compared with 2016 to 46.5 years of age.

In general, this wide-scale mobility is underpinned by local policies to support employees through dedicated training, mentoring or indeed coaching.

## ► INTERNAL MOBILITY

	2017	2016
No.	100	85
% of permanent workforce	8%	7%

## Compensation – tool for recognizing individual performance

The compensation policy represents a management tool for the Company's strategy. It plays a role in recognizing individual and collective performance, rewarding value creation by employees and driving growth in the Company's results over the long-term.

Within the Group, compensation comprises the following components:

- > a base salary, the level of which is adjusted to the local jobs market, balancing a principle of reality and necessary room for improvement for the best-performing employees;
- > a variable compensation portion rewarding individual performance;
- > collective compensation in France, with profit-sharing and incentive mechanisms, i.e., the sharing of the value created by the Company among employees;
- > social benefits adapted to local practices.

In line with the objective of validating performance, to which Klépierre is committed, the salary increase procedure takes place annually following an approach harmonized at the Group level and organized around collective decisions.

In addition, performance shares are awarded to the Group's top managers (9.5% of permanent employees in 2017) to promote an alignment of interests between the Group's shareholders and its main employees.

Moreover, in the context of improving employee experience and reducing paper consumption, pay slips for all French employees have been electronic since 2017.

## ► COMPENSATION

### Average gross annual salary by region

In euros	2017	2016
France Belgium	55,633	55,799
Italy	43,235	43,492
Scandinavia	74,093	75,375
Netherlands	73,305	74,917
Iberia	43,839	42,784
Germany	56,123	53,688
Central Europe & Turkey	28,222	26,708

## A dynamic human organization

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

As of December 31, 2017, the Klépierre Group directly employed 1,264 employees, including 97% on open-ended contracts, down 3% from 2016.

## ► BREAKDOWN OF WORKFORCE BY TYPE OF EMPLOYMENT CONTRACT

	2017		2016	
Open-ended contract	1,222	97%	1,257	97%
Fixed-term contract	42	3%	45	3%
<b>TOTAL</b>	<b>1,264</b>	<b>100%</b>	<b>1,302</b>	<b>100%</b>

Moreover, with the jobs market picking up and the Group's reputation growing, Klépierre's employees, known for their professionalism and their training, are increasingly tempted to switch employers.

The 11.7% turnover rate reflects this jobs market trend and the Group's stated HR policy to recruit talented young graduates by offering them development opportunities. 77% of employees hired on open-ended contracts are still with the Company after two years.

## ► BREAKDOWN OF DEPARTURES BY REASON

	2017	2016
Resignations	134	102
Lay-offs	25	39
Negotiated departures	40	57
Retirement	9	13
End of fixed-term contract	41	52
Other reasons	17	41
<b>GROUP</b>	<b>266</b>	<b>304</b>

Note: departures for "other reasons" include contract transfers, end of trial periods and deaths; no death was reported in 2017.

## ► DISTRIBUTION OF WORKFORCE BY REGION

	2017	2016
France-Belgium	39%	39%
Italy	15%	14%
Scandinavia	12%	12%
The Netherlands	5%	5%
Iberia	9%	10%
Germany	5%	5%
Central Europe and Turkey	15%	15%
<b>GROUP</b>	<b>100%</b>	<b>100%</b>

## ► BREAKDOWN OF WORKFORCE BY WORK DURATION

	2017		2016	
Full time	1,163	92%	1,187	91%
Part time	101	8%	115	9%
<b>TOTAL</b>	<b>1,264</b>	<b>100%</b>	<b>1,302</b>	<b>100%</b>

## ► TURNOVER RATE BY REGION

	2017	2016
France-Belgium	8.8%	7.1%
Italy	4.3%	4.4%
Scandinavia	20.8%	13.1%
The Netherlands	25%	20.7%
Iberia	11.2%	5.6%
Germany	20.7%	5.5%
Central Europe and Turkey	13.8%	17.7%
<b>GROUP</b>	<b>11.7%</b>	<b>9.4%</b>

Note: the turnover rate is calculated as follows: ((total number of resignations+retirements+deaths)/ total workforce on open-ended contracts by 31/12/N).

### An organization that benefits from the diversity of its teams

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

For Klépierre, diversity is expressed primarily by the mix and coexistence of generations and nationalities. To enable the Group and each employee to benefit from this source of wealth, a more intense social dialog policy has been implemented. This approach supplements the initiatives put in place by Klépierre University through multi-business and multi-country training events furthering personal and collective improvement.

This focus on diversity is primarily reflected in the professional gender equality, which includes:

- > equal pay. In France, for the third consecutive year, there was no situation that justified measures to close any wage gap between men and women with the same position and responsibility. A review of the gender pay gap, at equivalent responsibility and seniority, is done annually across around 80% of the Group's workforce, in order to take remedial measures where necessary;
- > balanced gender representation in the Group's main occupations (asset manager/leasing/center director), for which in France an objective of increasing female recruitment has been adopted and incorporated into the agreement on professional gender equality of July 31, 2017.

## ► PROPORTION OF WOMEN WITHIN THE GROUP

	2017	2016
Management	39%	36%
Non Management	72%	71%
<b>GROUP</b>	<b>60%</b>	<b>59%</b>

► PROPORTION OF WOMEN BY MANAGEMENT LEVEL

	2017	2016
Executive Management	6%	9%
Top Management	26%	29%
Middle Management	32%	28%
First Line Management	44%	40%
Non Management	72%	71%
<b>GROUP</b>	<b>60%</b>	<b>59%</b>

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

	2017	2016
Executive Management	1.17	1.04
Top Management	0.97	0.88
Middle Management	0.70	0.83
First Line Management	0.88	0.87
Non Management	0.83	0.82

Focus on diversity also includes the promotion of equal opportunities and non-discrimination, which has been characterized by the following actions:

- > in 2017 in France, the Group made a commitment to Passeport Avenir, whose mission is to help young people from underprivileged backgrounds succeed in their academic and professional lives in order to foster the emergence of a generation of different leaders, mobilizing businesses and higher education institutions. 28 employees provided individual sponsorship and support to young people from underprivileged backgrounds in their post-baccalauréat studies;
- > in Scandinavia, a public partnership pilot was launched to offer internships to the long-term unemployed, as part of a work-placement scheme, resulting in 5 internships in 2017.

The promotion of diversity also results in a balanced intergenerational mix:

- > in 2017, 12% of employees were under 30 years old, 69% between 30 and 49 years old, inclusive, and 19% were over 50 years old. This breakdown, which reflects a younger age pyramid, illustrates the Group's ability to build a bridge between the younger and older members, and to thereby ensure the transfer of knowledge within the Company;
- > transfer of expertise initiatives are in place, in addition to Klépierre University. For example, in Scandinavia, mentoring is provided 6 months before retirement, allowing the most senior employees to share their expertise and experience with a junior employee.

► BREAKDOWN OF WORKFORCE BY AGE BRACKET

	2017	2016
under 30 years of age	12%	9%
30-39 years of age	35%	37%
40-49 years of age	34%	34%
50 years of age and over	19%	20%

Multiple initiatives have been implemented to support parenting. Depending on the country, employees who are parents are offered days in which they can bring the kids to work, assistance with childcare costs, paid leave when children are sick, paid maternity leave beyond the statutory minimum.

Lastly, varied initiatives for people with disabilities, for example, in Italy, a pilot local partnership was set up to encourage the training and ultimate employment of interns with disabilities. More broadly, various Group subsidiaries use service providers that employ people with disabilities. The share of workers with disabilities as a proportion of the total workforce increased significantly between 2016 and 2017.

► WORKERS WITH DISABILITIES AS A PROPORTION OF TOTAL WORKFORCE

	2017	2016
Number of workers with disabilities	18	15
<b>% OF TOTAL WORKFORCE</b>	<b>1.6%</b>	<b>1.3%</b>

## 4.4.4 Procurement and business ethics

### Human rights and ethics

#### Major focus on respecting fundamental rights

Klépierre operates in 16 countries and, in line with its ethical commitments, the same procedures are systematically applied in all locations and to all Group employees.

In addition, strict national and European Regulations and internal procedures ensure that human rights standards are respected.

All Klépierre employees work in countries that have ratified the eight fundamental conventions of the International Labour Organization (ILO) including the elimination of discrimination in the workplace, respect for freedom of association and the right to collective bargaining, the elimination of any form of forced or compulsory labor, and the abolition of child labor. All the key suppliers and service providers operate in those same countries, this situation is thus also extended to the supply chain.

A signatory to the United Nations Global Compact since 2012, Klépierre renewed this commitment in 2017 and currently conducts a yearly review of the human rights situation, in tandem with correspondents in the countries in which it operates. This assessment which is done on the basis of the analysis tool developed by the Global Compact, shows systematic respect for fundamental rights (in terms of occupational health and safety, working conditions, equal treatment, freedom of association and collective bargaining, non-discrimination, forced labor, etc.). The yearly review which is carried out with all Group human resources correspondents is used to check the relevance of the periodic reporting in place, the consistency and the development of local initiatives. It also serves as a means of reflection on the policies to be implemented across the Group to permanently and uniformly improve its practices.

#### The code of professional conduct, the basis for employee involvement

The code of professional conduct demonstrates the Group's commitment to ethics and human rights. The objective of this code is to make the Group's commitments more understandable for its employees and its stakeholders and thus ensure better compliance. Training sessions were organized at its launch in most countries. The code is available online at the Klépierre website. In all countries, the Code of Professional Conduct is given to employees upon their arrival in order to raise awareness of the procedures, of the importance of the transparency of practices, and of respect for fundamental rights.



### A comprehensive set of rules to ensure compliance with Group commitments

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

- > conflict of interests;
- > confidentiality and observance of professional secrecy;
- > financial communication and media;
- > privileged information and insider trading;
- > fight against money-laundering and the financing of terrorism;
- > adherence to rules governing corruption;
- > no political funding;
- > delegations of authority and signing authority;
- > gifts and invitations, received by employees and offered to third parties;
- > protection and utilization of Company assets;
- > adherence to procedures applicable to invitations to tender;
- > whistleblowing;
- > health and safety;
- > prevention of acts of discrimination and harassment, respect for privacy;
- > environmental responsibility.

### An improved whistleblowing and fraud-risk monitoring system

A whistleblowing procedure is also in place throughout Europe available to all employees.

This system, outsourced and independent of the Company, is available 24/7 by phone, e-mail, or via a dedicated website. Anonymity is put in place when this is permitted by local regulations. All employees are made aware of this system.

No breach or violation of the ethical rules was reported through this system in 2017.

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

### Responsible purchasing

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

### A «purchasing» department to structure shopping center procurement

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

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

It pays close attention to the responsible and sustainable nature of purchasing. Its areas of activity cover the operating and non-recurring expenses for shopping centers as well as marketing budgets and overheads.

Its activity follows two fundamental principles:

- > neutrality, to ensure objective, fair, ethical, and transparent processes;
- > consideration of the life-cycle cost of purchased products.

Since the integration of the Corio assets in 2015, the Purchasing Department optimizes purchases in all 16 countries where the Group is present. In order to achieve this, it created the following action plan for 2017:

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

### Operating expenses experience a high level of scrutiny

In 2017, Klépierre purchased around 300 million euros<sup>(1)</sup> of services and supplies for the operational management of its shopping centers owned and managed in Europe. These operating expenses are especially scrutinized. They are overwhelmingly passed to tenants in rental charges. This is an important responsibility in the Group's dealings with its retailers, and pushes it to continually increase the transparency and effectiveness of its budget management.

Looking to achieve savings is a constant endeavor. For example, in 2017 the French subsidiary provided:

- > the roll-out of the framework agreement governing security and safety in the shopping centers, which represents the top expense item;
- > The launch of a call for tenders to centralize the waste management service in the shopping centers;
- > the carrying out of a national call for tenders for multi-technical maintenance in the centers;
- > the renewed roll-out of the gas supply contract for the shopping centers.

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

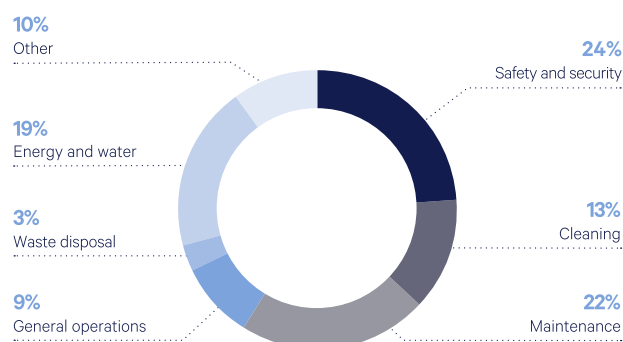
(1) Excludes marketing budgets, taxes, management fees

## Local service providers present daily in the centers

On average in Europe, 90% of the Group's operating budgets consist of five major categories of services<sup>(1)</sup>: fluids (energy and water); general operations; cleaning; maintenance; and security and safety.

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

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



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

In 2016, a social and environmental performance analysis of 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 5.4 points higher than the average from a benchmark panel of 15,000 suppliers on the platform of the study provider.

In 2017, Klépierre worked on monitoring the performance of its European suppliers in accordance with its new CSR approach, in order to engage its suppliers and subcontractors in a shared responsibility approach.

## Same diligence with regard to non-recurring expenses

Klépierre has developed the ClubStore® charter in order to re-examine and map the customer journey and create a commercial environment animated by a spirit of hospitality. At the end of 2015, the Purchasing Department launched a call for tenders to identify the best providers matching this Clubstore® charter from a number of angles: rest area (furniture, lighting, etc.), signage, reception, directory terminals, bathroom facilities, children's areas (games, stickers, etc.).

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

- > **control:** products that fully comply with regulations and standards governing facilities open to the general public (ERPs);
- > **warranty:** products carry a two-year warranty for parts, labor and call-out;
- > **safety and security:** providers "analyzed" in terms of their financial health, compliance with labor law and their level of dependence;
- > **negotiation:** prices encompassing all services: fees, intellectual property, licenses, equipment, etc.;
- > **sustainable development:** external monitoring of the performance of the European suppliers;
- > **maintenance:** the whole life cost aspect is considered with warranty extension and maintenance.

## Development of significant additional revenue

Since 2015, the Purchasing Department has helped the countries with their advertising contracts. Following Sweden, Italy, France and now Spain, the operating scope has risen from 300 to 600 digital advertising displays in 52 shopping centers in Europe.

## Selection and approval of service providers

The approval of suppliers and providers (sourcing, assessment, and contracting) is standardized. The economic partners are selected through an objective and fair tender process. The contracts signed are not automatically renewed. The selection of accredited providers incorporates increasingly more stringent sustainable development criteria, such as the implementation of machinery and systems that are efficient in their consumption of electricity, water, supplies, or other consumables, or raising awareness among employees about the influence of their behavior on the environment. These criteria have different weightings depending on the kind of service provided.

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

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

(1) Based on the average of 2016 planned operational budgets for Group centers in 10 countries. Excludes marketing budgets, taxes, management fees.

## Responsible practices

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

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

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

Service providers holding a certification are preferred. Klépierre believes that this ensures the implementation of more responsible practices. Across Europe, 81% of the Group's key providers and suppliers have at least one certification, primarily ISO 9001 or 14001. The 80% target has thus been achieved since 2014. Klépierre now wants to at least keep this level of certification.

In addition, the economic dependency rate of Klépierre service providers does not exceed 22% and CSR clauses are included in all tender documentation. They require service providers to "raise awareness among their workforce regarding the environmental impact of their behavior" as well as "employ machinery and systems that are efficient in their consumption of electricity, water, supplies or other consumables".

A declaration regarding the combating of illegal work is also signed by all Klépierre service providers. It contains clauses forbidding all forms of undeclared work.

### ► PROPORTION OF CERTIFIED KEY PROVIDERS

2017 current basis (98% coverage): 138 shopping centers and 5,027,646 sq.m

	Cleaning	Security	Maintenance	Total	Group coverage rate
2015	85%	78%	80%	82%	98%
2016	86%	75%	79%	80%	98%
<b>2017</b>	<b>92%</b>	<b>76%</b>	<b>77%</b>	<b>81%</b>	<b>98%</b>

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

### "Supplier Day", a seminar for a better understanding of Europe in this event's 2017 edition

Three years after creating the Purchasing Department, the Group brought together its major providers with three objectives:

1. Recognition: to review the implementation of common processes and risk management frameworks.
2. Ongoing improvement: "Work better together" (symbolic of the "live my life" role play organized at the centers), with the goal of keeping the Group's strategy aligned with that of its providers in order to play a part in the Group's excellence and results.
3. Launch the proKure® purchasing platform: a comprehensive solution to manage supplier relations for business professionals (real estate managers, retailers), from contractual negotiations to operational management of current expenses.

On average, 15 hours per center were devoted to philanthropic activities. An average of 17 sq.m per center was devoted to these actions.

With «Act for People,» one of the three pillars of its Act for Good® policy, the Group wished to extend its philanthropic commitment and involve its employees.



Driven by local charitable activities and offered to 42% of the teams, the Group has committed to giving 100% of employees the opportunity to take part in a charitable activity by 2022.

Among the actions already undertaken, for example, in France, the operation "Emballez vos samedis!" ("Wrap Up Your Saturdays") was proposed to all employees at the Paris HQ and 65 of them voluntarily wrapped the gifts of customers in the Île-de-France shopping centers in aid of the CéKeduBonheur charity, which acts for the improvement of the daily lives of children in hospital. This totaled 264 hours of volunteer time. The Company supported this initiative by topping up the funds collected for the benefit of the Association. This initiative also allowed employees at the head office to engage in a shared experience with the teams. In addition, 72 kg of toys were collected in France at the Paris head office in aid of the association Rejoué, which reconditions toys in a rehabilitation workshop for their sale or their gifting.

In Spain, actions are open to all employees. Firstly, once a month, volunteer employees distribute meals to disadvantaged families. The meals are supplied by a food bank and, in 2017, 30 employees helped with the distribution. And, secondly, at Christmas, a luncheon was organized for children of disadvantaged families with gifts from employees being handed out. 100% of employees helped with the collection by either giving gifts or money to buy gift cards. Twenty employees attended the luncheon and helped hand out gifts to the 100 children present.

## Managed payment mechanisms

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

### 4.4.5 Philanthropy

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

94% of centers have thus hosted one or more of these philanthropy initiatives.

In Portugal, Klépierre has partnered up with the association Grace and in the course of this partnership organized an action called "Giro." This volunteering, which is open to all employees, helped carry out an action to prevent summer forest fires, a real scourge in Portugal. 30% of employees are involved in this initiative.

In the Czech Republic, 30 employees (i.e., over 80% of the workforce) were invited to participate in a beach volleyball tournament organized by JLL and open to all real estate companies in the country. The total amount of funds raised by this initiative was donated to charitable organizations.

## ► PROPORTION IN VALUE OF CENTERS HAVING LED AT LEAST ONE PHILANTHROPY PARTNERSHIP

2017 current basis (98% coverage): 138 shopping centers and 5,027,646 sq.m

	France-Belgium	Italy	Scandinavia	Iberia	Central Europe & Turkey	The Netherlands	Germany	Group	Group coverage rate
2015	97%	100%	82%	100%	100%			96%	98%
2016	92%	94%	100%	75%	98%	64%	100%	92%	98%
<b>2017</b>	<b>95%</b>	<b>100%</b>	<b>100%</b>	<b>96%</b>	<b>79%</b>	<b>70%</b>	<b>100%</b>	<b>94%</b>	<b>98%</b>

## 4.5 Methodology, Concordance table and data verification

### 4.5.1 Methodological note

#### Rate of coverage and distribution of themes by scope

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

The fundamental principles underlying this reporting are:

- > relevance: the biggest sources of environmental and societal impact for each theme are taken into account;

> representativeness: the selected indicators are representative of the Group's sites and activities;

> consistency: guarantees that the data comparison by region or year by year is pertinent;

> transparency: the assumptions made and the calculation methods used are clearly defined;

> accuracy and reliability: records are kept at site levels and at the various consolidation levels to ensure data traceability.

#### ► RATE OF COVERAGE AND DISTRIBUTION OF THEMES BY SCOPE

	Klépierre		Shopping centers "Managed portfolio"	
	Value <sup>(a)</sup>	% Klépierre property portfolio	Value <sup>(a)</sup>	% property portfolio
2015	22,127	100%	18,934	89.4%
2016	22,817	100%	20,664	94.4%
<b>2017</b>	<b>23,013</b>	<b>100%</b>	<b>22,652</b>	<b>98.4%</b>

(a) Value in millions of euros, excluding duties.





## Methodological note for environmental and societal indicators

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

- > Global Reporting Initiative Construction and Real Estate Sector Supplement (GRI 4- and GRI CRESS);

- > Best Practices Recommendations on Sustainability Reporting published by the European Public Real Estate Association (EPRA);
- > French Council of Shopping Centers (CNCC) – Industry CSR reporting guide.

### ► DETAIL ON UNITS OF MEASUREMENT FOR THE MAIN ENVIRONMENTAL INDICATORS

	 <b>Energy</b>	 <b>Climate change</b>	 <b>Water</b>	 <b>Waste</b>
<b>COMMON AREAS AND SHARED EQUIPMENT</b>				
Absolute value	MWh of final energy Common areas and heating and air conditioning shared equipment	tCO <sub>2</sub> e		
Intensity by area	kWh/sq.m sq.m common areas + sq.m rentable floor area served by heating and air conditioning shared equipment	kgCO <sub>2</sub> e/sq.m		
Intensity of use	kWh/visit Number of visits from the automatic counter systems at the doors	kgCO <sub>2</sub> e/visit		
<b>WHOLE BUILDING</b>				
Absolute value	MWh of final energy Common areas and shared equipment + tenant areas	tCO <sub>2</sub> e	m <sup>3</sup>	metric tons
Intensity by area	kWh/sq.m sq.m common areas + sq.m occupied rentable floor area	kgCO <sub>2</sub> e/sq.m	m <sup>3</sup> /sq.m	
Intensity of use	kWh/visit Number of visits from the automatic counter systems at the doors	kgCO <sub>2</sub> e/visit	l/visit	

## Definition of scopes

### Scopes

The new CSR strategy plan of the Group launched in 2017 (Act For Good®) refocused its actions and its reporting on assets managed by the Group.

Those are in fact the shopping centers in which Klépierre has full control over the impact and over the steps taken.

Accordingly, in this document the Group has moved away from its traditional reporting on the “asset portfolio” and “managed portfolio” scopes and instead has only reported on the “managed portfolio” scope. Moreover, the latter has been expanded, and all the shopping centers managed by Klépierre have been included in the environmental and societal reporting tool that was deployed in 2017.

### “Managed Portfolio” scope

This scope, a subset of the previous one, is specific to the shopping center industry for operational reasons.

It covers the centers that the Group managed over the entire reporting period. This scope extends to assets for which a third party managed

the property if the following conditions are met: a single third party managed the asset for the entire reporting period, the reporting manual has been deployed, controls and checks of the reported data have been conducted with the same level of rigor as for the assets managed by the Group. If a shopping center has been acquired by the Group and is managed by it, it is included in the scope from the first full year. Real estate development projects are not included in the reporting during development and/or construction, until they are completed and only from the first full year.

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

The “Managed Portfolio” scope accounted for 98% of the “Assets Portfolio” scope at December 31, 2017.



## Management of the changes in scope

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

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

### Current basis

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

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

### Like-for-like basis

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

The like-for-like basis includes all the shopping centers owned and managed for at least 24 months. It is calculated on the basis of the 2013 scope, which is a like-for-like basis scope over four years. It excludes shopping centers acquired or completed as well as those that were not managed for the entire period. Centers that are subject to an extension that adds 20% or more GLA are excluded from the scope.

## Reporting periods and estimates

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

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

For all indicators related to “energy,” “waste,” “climate change,” and “water,” and one “transportation” indicator (proportion of visits by mode of transportation), the reporting period is from 10/1/Y-1 to 9/30/Y. The specific scope for these indicators is therefore adjusted to exclude shopping centers which were not owned or managed between 10/1/Y and 12/31/Y.

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

## Coverage rate

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

## Definitions and clarifications

Energy efficiency and greenhouse gas emissions of the common areas and shared equipment for heating and air conditioning: the energy intensity indicators expressed in kWh/m<sup>2</sup> and kWh/visit measure exclusively the heating and air conditioning consumptions of the common areas. They do not measure the whole energy usage of the shopping center because of a lack of comprehensive knowledge on the private areas consumption of the tenants.

With respect to urban heating networks, the energy recovery rate generated by waste combustion and from the reuse of industrial heat is calculated for each shopping center.

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

Article 225 of the Grenelle II Law: the two topics “land use and water consumption” and “water supply according to local constraints” are not addressed in this Document due to the low impact of the Group on these issues.

## Methodological note for social indicators

### Period and reporting scope

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

The scope for collecting the data and reporting covers all Group subsidiaries at December 31, 2017 in which employees have an employment contract with the Group.

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

## Definitions and clarifications

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

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

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

Turnover (modification of the calculation formula in 2017 as follows): the turnover formula is: ((total number of resignations+retirements+deaths)/ total workforce on open-ended contracts by 31/12/N).



## 4.5.2 Concordance tables

The tables below propose an analysis of the concordance between the information 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.

### Global Reporting Initiative G4 (2016)

Name of GRI standard	GRI G4 standard number	Registration document
Economic	200	
Economic performance	201	4.1.4; 4.1.5
Market Presence	202	4.1.1
Indirect Economic Impacts	203	4.3
Procurement Practices	204	4.3
Anti-corruption	205	4.4.4
Anti-competitive Behavior	206	
Environmental	300	
Materials	301	4.2.4
Energy	302	4.2.1
Water	303	4.2.3
Biodiversity	304	4.2.3
Emissions	305	4.2.2
Effluents and Waste	306	4.2.3
Environmental Compliance	307	4.1.2
Supplier Environmental Assessment	308	4.4.4
Social	400	
Employment	401	4.3; 4.4.3
Labor/Management Relations	402	4.4.3
Occupational Health and Safety	403	4.4.2; 4.4.3
Training and Education	404	4.4.3
Diversity and Equal Opportunity	405	4.4.3
Non-discrimination	406	4.4.3
Freedom of Association and Collective Bargaining	407	4.4.3
Child Labor	408	4.4.4
Forced or Compulsory Labor	409	4.4.4
Security Practices	410	4.4.2
Rights of Indigenous Peoples	411	
Human Rights Assessment	412	4.4.4
Local communities	413	4.3
Supplier Social Assessment	414	4.4.4
Public Policy	415	
Customer Health Safety	416	4.4.1
Marketing and Labeling	417	
Customer Privacy	418	
Socioeconomic Compliance	419	

## United Nations Sustainable Development Goals

Commitment	Registration document
No poverty	
Zero Hunger	
Good health and well-being	4.3.2; 4.4.3
Quality education	4.3.3; 4.4.3
Gender equality	4.3.3; 4.4.3
Clean water and sanitation	4.2.4
Affordable and clean energy	4.2.1
Decent work and economic growth	4.3; 4.4.3
Industry, Innovation and Infrastructure	4.2.4; 4.3; 4.4.3
Reduced inequalities	4.4.4
Sustainable cities and communities	4.2.5; 4.3
Responsible consumption and production	4.2.3
Climate action	4.2.2
Life below water	
Life on land	4.2.4
Peace, Justice and Strong institutions	
Partnerships for the goals	4.3.2; 4.4.4

## EPRA Sustainable Best Practices of Reporting (2017)

Name of standard sBPR	Number of standard sBPR	Registration document
Elec-Abs	302-1	4.2.1
Elec-LfL	302-1	4.2.1
DH&C-Abs	302-1	4.2.1
DH&C-LfL	302-1	4.2.1
Fuels-Abs	302-1	4.2.1
Fuels-LfL	302-1	4.2.1
Energy-Int	CRE1	4.2.1
GHG-Dir-Abs	305-1	4.2.2
GHG-Indirect-Abs	305-2	4.2.2
GHG-Int	305-4	4.2.2
Water-Abs	303-1	4.2.3
Water-LfL	303-1	4.2.3
Water-Int	CRE2	4.2.3
Waste-Abs	306-2	4.2.3
Waste-LfL	306-2	4.2.3
Cert-Tot	CRE8	4.2.4
Diversity-Emp	405-1	4.4.3
Diversity-Pay	405-2	4.4.3
Emp-Training	404-1	4.4.3
Emp-Dev	404-3	4.4.3
Emp-Turnover	401-1	4.4.3
H&S-Emp	403-2	4.4.2; 4.4.3
H&S-Asset	416-1	4.4.2; 4.4.3
H&S-Comp	416-2	4.4.2; 4.4.3
Comty-Eng	413-1	4.3.2; 4.3.3; 4.3.4
Gov-Board	102-22	4.1.3 and elsewhere
Gov-Selec	102-24	4.1.3 and elsewhere
Gov-Col	102-25	4.1.3 et ailleurs

### 4.5.3 Independent verifier's report on consolidated social, environmental and societal information 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 Shareholders,

In our quality as an independent verifier accredited by the COFRAC <sup>(1)</sup>, under the number n° 3-1050, and as a member of the network of one of the Statutory Auditors of the company Klépierre, we present our report on the consolidated social, environmental and societal information established for the year ended on the December 31, 2017, presented in the management report, hereafter referred to as the "CSR Information", pursuant to the provisions of the article L. 225-102-1 of the French Commercial Code (*Code de commerce*).

#### Responsibility of the Company

It is the responsibility of the Management Board to establish a management report including CSR Information referred to in the article R. 225-105 of the French Commercial Code (*Code de commerce*), in accordance with the protocols used by the Company (hereafter referred to as the "Criteria"), of which a summary is included in the management report and available on request at the Company's headquarters.

#### Independence and quality control

Our independence is defined by regulatory requirements, the Code of Ethics of our profession as well as the provisions in the article L. 822-11-3 of the French Commercial Code (*Code de commerce*). 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 attest whether the required CSR Information is present in the management report or, in the case of its omission, that an appropriate explanation has been provided, in accordance with the third paragraph of R. 225-105 of the French Commercial Code (*Code de commerce*) (Attestation of presence of CSR Information);
- > to express a limited assurance conclusion, that the CSR Information, overall, is fairly presented, in all material aspects, in accordance with the Criteria.

It is however not our responsibility to attest the compliance with other applicable legal provisions, in particular those pursuant to law no. 2016-1691 of December 9, 2016, known as Sapin II (anti-corruption law).

Our verification work was undertaken by a team of five people between November 2017 and March 2018 for an estimated duration of seven weeks.

We conducted the work described below in accordance with the professional standards applicable in France and the Order of May 13, 2013 determining the conditions under which an independent third-party verifier conducts its mission, and in relation to the opinion of fairness, in accordance with the international standard ISAE 3000 <sup>(2)</sup>.

## 1. Attestation of presence of CSR Information

### Nature and scope of the work

We obtained an understanding of the Company's CSR issues, based on interviews with the management of relevant departments, a presentation of the Company's strategy on sustainable development based on the social and environmental consequences linked to the activities of the Company and its societal commitments, as well as, where appropriate, resulting actions or programmes.

We compared the information presented in the management report with the list provided in the article R. 225-105-1 of the French Commercial Code (*Code de commerce*).

In the absence of certain consolidated information, we verified that the explanations were provided in accordance with the provisions in article R. 225-105-1, paragraph 3, of the French Commercial Code (*Code de commerce*).

We verified that the information covers the consolidated perimeter, namely the entity and its subsidiaries, as aligned with the meaning of the article L. 233-1 and the entities which it controls, as aligned with the meaning of the article L. 233-3 of the French Commercial Code (*Code de commerce*).

### Conclusion

Based on this work, we confirm the presence in the management report of the required CSR information.

## 2. Limited assurance on CSR Information

### Nature and scope of the work

We undertook four interviews with people responsible for the preparation of the CSR Information, in charge of the data collection process and, if applicable, the people responsible for internal control processes and risk management, in order to:

- > Assess the suitability of the Criteria for reporting, in relation to their relevance, completeness, reliability, neutrality, and legibility, taking into consideration industry standards, especially the sectorial recommendation;
- > Verify the implementation of the process for the collection, compilation, processing and control for completeness and consistency of the CSR Information and identify the procedures for internal control and risk management related to the preparation of the CSR Information.

(1) Scope available at [www.cofrac.fr](http://www.cofrac.fr).

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

We determined the nature and extent of our tests and inspections based on the nature and importance of the CSR Information, in relation to the characteristics of the Company, its social and environmental issues, its strategy in relation to sustainable development and industry best practices.

For the CSR Information which we considered the most important <sup>(1)</sup>:

- > at the level of the consolidating entity, we consulted documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions, etc.), we implemented analytical procedures on the quantitative information and verified, on a test basis, the calculations and the compilation of the information, and also verified their coherence and consistency with the other information presented in the management report;
- > at the level of the representative selection of sites and entities that we selected <sup>(2)</sup>, based on their activity, their contribution to the consolidated indicators, their location and a risk analysis, we undertook interviews to verify the correct application of the procedures and identify any potential omissions and undertook detailed tests on the basis of samples, consisting in verifying the calculations made and linking them with supporting documentation. The sample selected therefore represents an average of 10% of the total energy consumption, 18% of the total workforce and 11% of the gross market value of the Group's assets of the 2017 reporting scope.

For the other consolidated CSR information, we assessed their consistency in relation to our knowledge of the Company.

Finally, we assessed the relevance of the explanations provided, if appropriate, in the partial or total absence of certain information taking into account, if relevant, professional best practices formalised in the CSR reporting sectorial Guide of the National Council of Shopping Centre. According to this Guide, the environmental impacts (energy, water and waste) of shopping centres are monitored for the volumes that are managed and procured (i.e. volumes used for common areas and private areas connected to the common network), except those procured directly by tenants.

We consider that the sample methods and sizes of the samples that we considered by exercising our professional judgment allow us to express a limited assurance conclusion; an assurance of a higher level would have required more extensive verification work. Due to the necessary use of sampling techniques and other limitations inherent in the functioning of any information and internal control system, the risk of non-detection of a significant anomaly in the CSR Information cannot be entirely eliminated.

## Conclusion

Based on our work, we have not identified any significant misstatement that causes us to believe that the CSR Information, taken together, has not been fairly presented, in compliance with the Criteria.

Paris-La Défense, of March 5, 2018

*French original signed by:*

Independent Verifier

ERNST & YOUNG et Associés

**Eric DUVAUD**

**Partner, Sustainable Development**

**Bruno PERRIN**

**Partner**

<sup>(1)</sup> KPIs (Environmental, societal and social):

**Quantitative information:** energy consumption and energy efficiency (in kWh/m<sup>2</sup> and kWh/visit) of common areas and common heating and cooling equipment, the share of energy consumed from renewable sources, gas emissions from greenhouse effect (Scope 1 and 2 as well as Scope 3 assessment), the carbon intensity related to the energy consumed by the common parts and common equipment (in kgCO<sub>2</sub>e/m<sup>2</sup> and gCO<sub>2</sub>e/visit), the proportion of waste sorted on site as well as the share of recycled and recovered waste, water consumption and water consumption intensities (in m<sup>3</sup>/m<sup>2</sup> and in l/visit), total workforce, hiring and firing, rate of turnover, absenteeism and absenteeism rates for short-term occupational diseases, women's share by management level, work accident frequency rate, average number of hours training per employee.

**Qualitative information:** general environmental policy (organization, BREEAM assessment and certification procedures, employee training and information actions in the field of environmental protection), the circular economy (prevention, recycling, other forms of recovery and waste disposal), measures to reduce food waste, measures taken to improve energy efficiency and the use of renewable energies, measures taken to preserve or develop biodiversity, territorial impact (direct, indirect and induced jobs), employment (distribution of workforce, remuneration and their evolution by region), health and safety at work, occupational accidents and occupational diseases, training policies implemented, diversity and equality of opportunity and treatment (measures taken on gender equality, employment and integration of persons with disabilities, anti-discrimination policies and actions).

<sup>(2)</sup> **Environmental and Societal Indicators:** eight shopping centers in France (MLV- Serris in Val d'Europe, Arcades in Noisy-le-Grand and Colombia in Rennes), in Hungary (Duna Plaza in Budapest) and in Italy (Shopville LeGru in Turin, Shopville Gran Reno in Bologna, Nave de Vero in Venice and Acquario in Vignate (Milan)).