

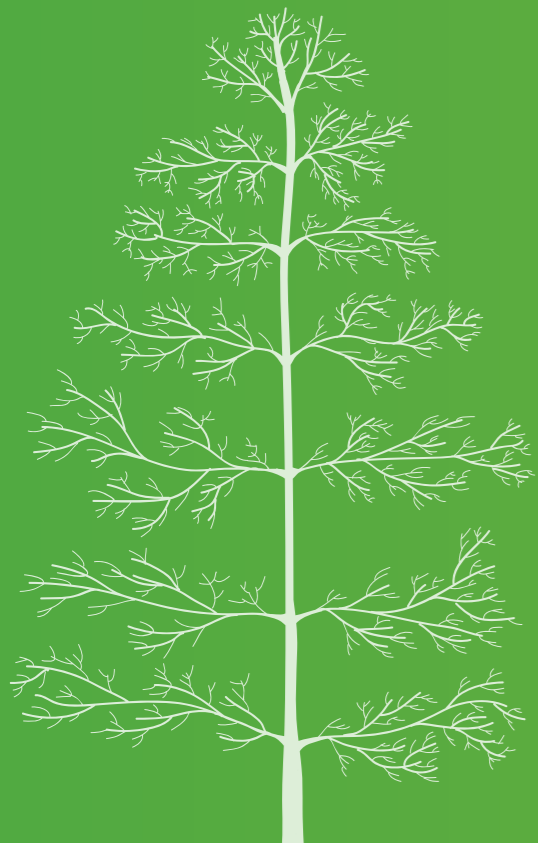


**NEPI  
ROCKCASTLE**

# **Sustainability Report 2020**



**NEPI  
ROCKCASTLE**



Visit our website  
[www.nepirockcastle.com](http://www.nepirockcastle.com)

for more information about us and our business  
The terms 'NEPI Rockcastle', the 'Group', the  
'Company', 'we', 'our' and 'us' refer to NEPI  
Rockcastle plc and, as applicable, its subsidiaries  
and/or interests in joint ventures and associates.



**RESPONSIBLY, TOGETHER!**  
**#RESPONSIBLYTOGETHER**

## Key sustainability metrics in 2020

71%



by GLA

of the properties are  
BREEAM certified\*

40%



share of renewable energy  
from total  
energy consumption

-20%



climate change impact  
from CO2 emissions

1,500



working places created  
during 2020 in the relevant  
communities

€24  
million

local taxes paid

100%



of shopping centres are  
offering facilities for bicycles  
and motorcycles

\*Eligible properties for BREEAM certification exclude shopping centres with less than 12 months of operations.

## Sustainability report

NEPI Rockcastle believes in its duty to be a responsible corporate citizen and achieve the highest standards of sustainability. During 2020, the Group continued to actively strengthen its position, with the clear vision of improving the long-term sustainability of its operations, by:

- investing in clean and sustainable technologies;
- adopting policies that address environmental and social risk; and
- engaging in proactive and comprehensive stakeholder discussions and disclosures.

With a continuous improvement mindset, the Group decided in 2020 to increase the sustainability targets for the following decade, and aim to become carbon neutral by 2030. The Group's initiative meets EU's

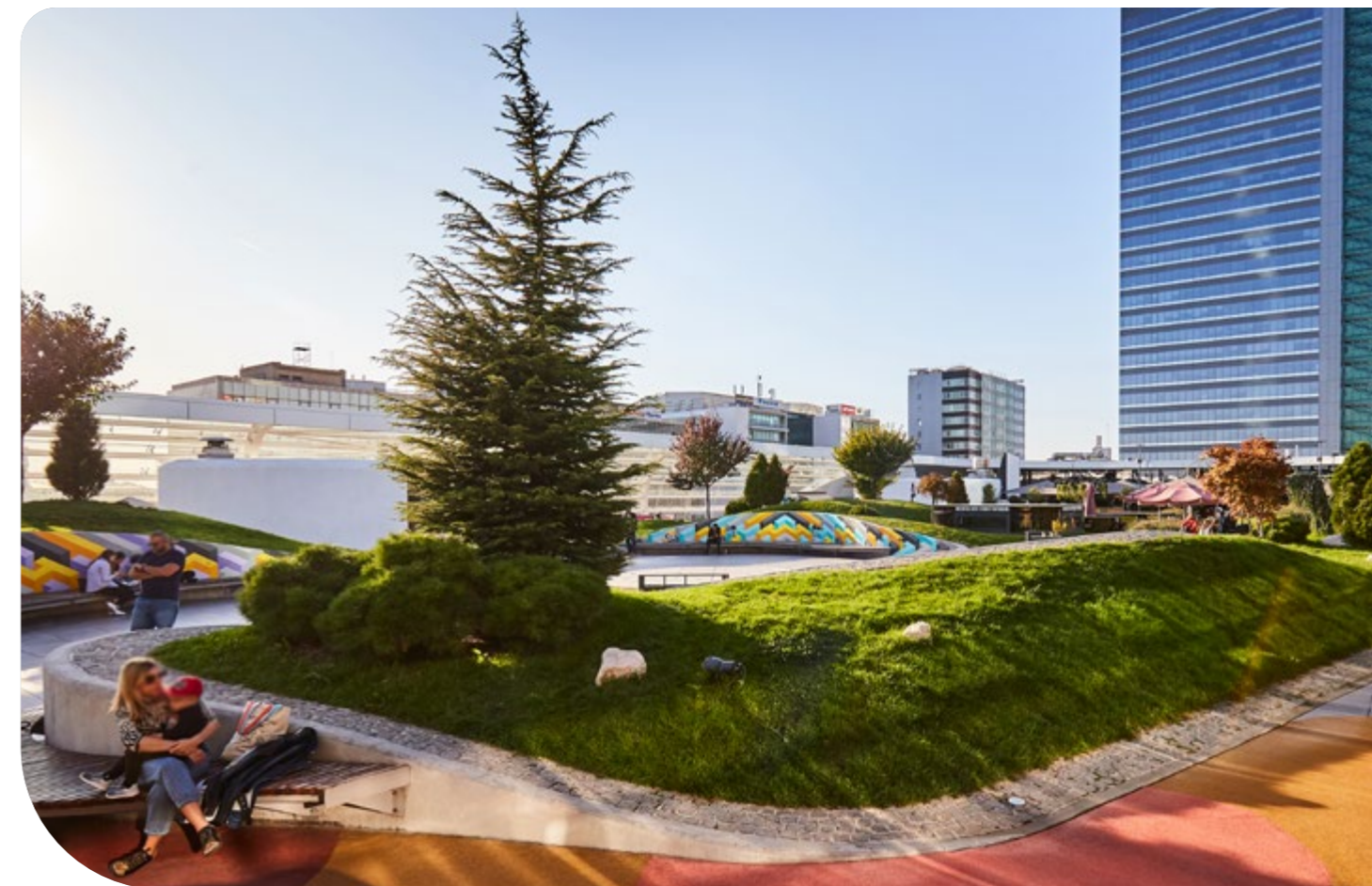
efforts to combat climate change through carbon neutrality, set by the Paris Agreement. In order to achieve this, the Group intends to have a positive influence on its whole value chain: visitors, tenants, service providers, materials suppliers and contractors.

In 2020, the outbreak of the COVID-19 pandemic has had a substantial impact on the Group's business and sustainability actions. Having in mind the communities' health and safety needs, the Group provided support for the health sector, by financing anti-COVID-19 related initiatives and donations of medical equipment.

Sustainability is one of the top priorities of the Executive Directors, with the CFO appointed as a member of the Sustainability

Committee, responsible for the coordination of the overall sustainability efforts across the Group. Through the Sustainability Committee, the Board monitors that the Group is a responsible corporate citizen and that the long-term strategy enables growth in a sustainable and responsible manner.

"NEPI Rockcastle defines sustainability as growth that is economically efficient, socially fair and environmentally friendly. Although the economic environment became more difficult during 2020, we continued to integrate sustainable practices into our operating models, business strategies and processes. The Group remains committed to reducing its environmental impact and to improving the service it provides to all of its stakeholders."  
– Alex Morar, CEO.



## SUSTAINABILITY APPROACH BASED ON BEST PRACTICE STANDARDS

The Group is proactively engaging with various international organisations in the Environmental, Social and Governance (ESG) sector, in order to continuously adapt its approach and implement the best practices in this area. Seeking to be in line with international standards, the Company has permanently enhanced its ESG approach and disclosure policy and has adhered to best practice ESG standards.



### Global Real Estate Sustainability Benchmark (GRESB)

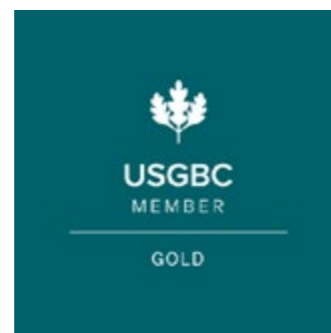
The main objective is to challenge real estate companies to achieve their highest environmental and social performance. NEPI Rockcastle participates annually in the assessment performed by GRESB.

### International Finance Corporation (IFC)

IFC supports investments and projects in the real estate sector and provides advisory services regarding employment, consumer spending and tax revenues. One of the main investment criteria for IFC is the compliance and consistency of the projects with the IFC investment policy and its environmental and safety standards.

### European Bank for Reconstruction and Development (EBRD)

The EBRD invests in private sector projects related to property and adjacent markets. Through its involvement in property and related markets, the EBRD aims to redress the fundamental undersupply of modern, high-quality, energy efficient commercial, logistics and residential real estate. One of the main investment criteria for EBRD is the compliance and consistency of the projects with the EBRD's overall investment policy. Moreover, as an issuer of financial instruments in which EBRD is investing, NEPI Rockcastle undertakes to comply with ESG criteria as required by the EBRD standards.



### US Green Building Council

NEPI Rockcastle initiated the procedures for adhering to the criteria required to be a **member** of the USGBC in 2020. The procedures were finalised in early January 2021. USGBC is one of the representative non-profit organisations that support the development of prosperous, healthy and resilient communities



through the transformation of the built environment. The main objective of USGBC is to transform the way buildings and communities are designed, built, and operated, enabling a socially responsible, healthy, and prosperous environment that improves the quality of life.



### Sustainalytics

In June 2020, Sustainalytics, a leading independent global provider of ESG and corporate governance

research and ratings, reaffirmed NEPI Rockcastle's ESG Risk rating as Low. The Company's ESG Risk Rating improved to 12.5/100 from 15.1/100 at the end of 2019. The new rating positions NEPI Rockcastle among the top five rated companies in its sub-industry, Real Estate Management, as compared to the 23rd place in 2019. According to the rating summary: "The company is at low risk of experiencing material financial impacts from ESG factors, due to its low exposure and strong management of material ESG issues. The company is noted for its strong corporate governance performance, which is reducing its overall risk. Furthermore, the company has not experienced significant controversies."

In 2020, NEPI Rockcastle launched a Green Finance Framework which integrates the Group's sustainability targets with its financing activities.



### Safe Asset Group

Safe Asset Group is an independent Swedish company that accredits the safety of shopping centres around the world. They have certified shopping centres as compliant with COVID-19 prevention rules, which

means they are safe to visit. This certificate also guarantees that all areas prone to being touched by visitors are sanitised in accordance with international standards of hygiene and health and safety.



## FTSE4Good

### FTSE4GOOD

Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong ESG practices. In the indicative index weight data prepared as of 30 September 2020, NEPI Rockcastle was confirmed as a constituent, demonstrating strong ESG commitment.

### Measurabl



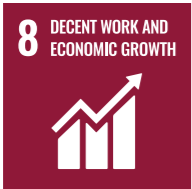

Measurabl is one of the world's widely adopted ESG data management solutions for commercial real estate. The platform provides advanced features such as automated utility data collection, building and portfolio performance benchmarking and advanced reporting functionalities.







### United Nations Sustainable Development Goals (UN SDGs)

As part of its continuous improvement process and contribution to a better environment, the Group continued to align its sustainability strategy and operations

and adhere to the UN SDG's in 2020. While aiming to align its contribution with all applicable UN SDGs, the Group focused its approach on the following:

Goal	Description (as per UN public information)	Implementation
<p>Goal 6: Clean water and sanitation</p> 	<p>More efficient use and management of water are critical to addressing the growing demand for water, threats to water security and the increasing frequency and severity of droughts and floods resulting from climate change.</p>	<ul style="list-style-type: none"> <li>Reducing water consumption through use of more evolved technology and equipment.</li> <li>Monitoring and taking measures to improve the discharged water quality.</li> <li>Encouraging use of rainwater.</li> </ul>
<p>Goal 7: Affordable and clean energy</p> 	<p>Encourage public and private investments in energy technologies. Promote better regulatory frameworks and innovative business models to transform the world's energy systems.</p>	<ul style="list-style-type: none"> <li>Increasing the use of energy from renewable sources.</li> <li>Implementing LED lighting technology to minimise electricity consumption.</li> <li>Installing charging stations for electric vehicles.</li> <li>Implementing a system for consumption recording and monitoring.</li> </ul>
<p>Goal 8: Decent work and economic growth</p> 	<p>Sustainable economic growth will require societies to create the conditions that allow people to have quality jobs and stimulate the economy, while not harming the environment. Job opportunities and decent working conditions are advocated.</p>	<ul style="list-style-type: none"> <li>Investing and supporting the development initiatives of the local communities.</li> <li>Supporting new job opportunities during both construction and operation of the centres.</li> <li>Ensuring fair and safe working conditions for employees and collaborators, while asking the same from our significant suppliers.</li> </ul>
<p>Goal 9: Industry, innovation, and infrastructure</p> 	<p>Technological progress is the foundation of efforts to achieve environmental objectives, such as increased resource and energy efficiency. Without technology and innovation, industrialisation will not happen, and without industrialisation, progress will not exist.</p>	<ul style="list-style-type: none"> <li>Renovation, extension or development of properties giving importance to the materials, equipment and technologies used.</li> <li>Digitalising internal processes and implementing automation.</li> </ul>

Goal	Description (as per UN public information)	Implementation
<p>Goal 11: Sustainable cities and communities</p> 	<p>Rapid urbanisation challenges, such as the safe removal and management of solid waste within cities, can be overcome in ways that allow them to continue to thrive and grow, while improving resource use and reducing pollution and poverty.</p>	<ul style="list-style-type: none"> <li>Implementing a selective waste collection system in order to significantly reduce landfill waste.</li> <li>Encouraging tenants and visitors to adopt sustainable habits.</li> <li>Implementation and optimisation of a consumption monitoring system for all properties.</li> </ul>
<p>Goal 12: Responsible consumption and production</p> 	<p>Economic and social progress over the last century has been accompanied by environmental degradation that is endangering the very systems on which our future development and very survival depend. Sustainable consumption and production refer to "the use of services and related products, which respond to basic needs and bring a better quality of life while minimising the use of natural resources and toxic materials as well as the emissions of waste and pollutants over the life cycle of the service or product so as not to jeopardize the needs of future generations".</p>	<ul style="list-style-type: none"> <li>Encouraging and actively participating in environmental initiatives aimed at social responsibility and awareness.</li> <li>Consultation with local communities as integrated part of the development process.</li> <li>Implementation of Sustainable Procurement Policy.</li> </ul>
<p>Goal 13: Climate action</p> 	<p>Climate change is a global challenge that does not respect national borders. It is an issue that requires solutions that need to be coordinated at the international level to help developing countries move towards a low-carbon economy.</p>	<ul style="list-style-type: none"> <li>Reviewing legal and technical requirements and planning the development of photovoltaic parks.</li> <li>Reducing the carbon footprint by implementing energy-efficient systems that reduce use of resources.</li> <li>Implementing an aligned methodology for calculating the carbon footprint and reducing GHG emissions at Group level.</li> <li>Adhering to non-governmental organisations aimed at improving, streamlining and developing a sustainable construction process.</li> </ul>
<p>Goal 15: Life on land</p> 	<p>Deforestation and desertification caused by human activities and climate change pose major challenges to sustainable development and have affected the lives and livelihoods of millions of people in the fight against poverty.</p>	<ul style="list-style-type: none"> <li>Outlining a Biodiversity Strategy at Group level.</li> <li>Performing ecological impact analysis and reporting on habitat and biodiversity for all operating locations (according to BREEAM standard).</li> </ul>

Source: <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>



### Sustainable financing

In 2020, NEPI Rockcastle implemented a Green Finance Framework (published on the corporate website), prepared in accordance with the ICMA Green Bond Principles 2018 and LMA Green Loan Principles 2020. The Group committed to use the proceeds from green bonds to finance and/

or refinance existing and/or future projects which would improve the environmental performance of the Group's property portfolio. The Green Finance Framework benefits from a positive second party opinion from Sustainalytics. The evaluation and selection process presented in the Green Finance Framework will ensure observance of the following criteria:

Eligible category	Eligibility criteria	Environmental benefits
Green buildings	Acquisition, construction or refurbishment of buildings which meet recognised standards* for best practices in energy and resource efficiency and low-GHG emissions. Such as:	Energy Savings
		GHG emission decrease
	<ul style="list-style-type: none"> <li>BREEAM (Very Good and above);</li> <li>LEED (Gold and above); and</li> <li>EDGE.</li> </ul>	Water savings
Energy efficiency	<ul style="list-style-type: none"> <li>Renovations or refurbishments of existing buildings not contemplated under the "green building" category, delivering a (1) minimum 30% reduction in carbon emissions intensity or (2) two letter grade improvements according to local Energy Performance Certificate, against the baseline performance of the building before the renovation; and</li> </ul>	Energy Savings
		GHG emission decrease
	<ul style="list-style-type: none"> <li>Individual measures on buildings reducing energy use and/or carbon emissions - installation of solar photovoltaic systems.</li> </ul>	

\* NEPI Rockcastle may (re)finance projects with recognised certifications no older than 5 years.

A successful €500 million green bond was issued based on the Green Finance Framework, resulting in the expansion of the Group's investor base.

Confident in its ESG structured approach, the Company further linked ESG performance to one of the Group's revolving credit facilities, which was extended during

2020. Should the ESG risk rating score increase, the margin of the RCF increases as well, and vice-versa.

## REPORTING STANDARDS AND PRACTICES

### EPRA - Sustainability Best Practices Recommendations Guidelines

NEPI Rockcastle aims to consistently improve its practices in relation to the reporting of ESG information, and, in this sense, the Group closely follows communications and advice of the most relevant organisations in the real estate field. The Group adopted and implemented EPRA's BPRs in the 2020 Sustainability Report, to increase accuracy, consistency and presentation of sustainability information and to align with

leading industry standards. In line with EPRA's BPRs, the summary tables of EPRA Sustainability Performance Measures are presented in the appendix section of this report. (pages 68 to 69).

#### Global Reporting Initiative

GRI is the organisation which, since 1997, has pioneered sustainability across the globe, covering a comprehensive range of sustainability disclosures. The GRI standard is used on a global scale for reporting ESG data within several

types of organisations in different areas of activity. The accuracy, independence and adaptability of the GRI reporting standard, as well as the identification of key aspects, risks and specific action objectives, ensures both the user and the reader with a transparent presentation of the ESG performance of the organisation. The 2020 Annual Report is prepared in accordance with the GRI Standards: Comprehensive Option, and the table below comprises the index of standards that the Group reported on:

Standard	Disclosure	Page number*	Direct Disclosure or Reason for Omission
GRI 102: General disclosures			
1. Organisational profile			
102-1	Name of the organisation	Front cover	
102-2	Activities, brands, products, and services	4	
102-3	Location of headquarters	280	
102-4	Location of operations	7	
102-5	Ownership and legal form	208, 224	
102-6	Markets served	40-79	
102-7	Scale of the organisation	12-16, 80-85	
102-8	Information on employees and other workers	200-205	
102-9	Supply chain	40-79	Supply chain organisation and related changes are partially covered, further detail is currently not available for public disclosure.
102-10	Significant changes to the organisation and its supply chain	40-79	
102-11	Precautionary Principle or approach	GRI Content Index	Precautionary Principle or Approach is not applied.
102-12	External initiatives	164-167	
102-13	Membership of associations	5, 164-167	
2. Strategy			
102-14	Statement from senior decision-maker	8-11	
102-15	Key impacts, risks, and opportunities	128-140	
3. Ethics and Integrity			
102-16	Values, principles, standards, and norms of behavior	154, 196-199	
102-17	Mechanisms for advice and concerns about ethics	99, 113, 118, 163	

\* The page number in the above table refers to the 2020 Annual Report, available at: [https://nepirockcastle.com/wp-content/uploads/2021/03/NEPI\\_Rockcastle\\_Annual\\_Report\\_2020.pdf](https://nepirockcastle.com/wp-content/uploads/2021/03/NEPI_Rockcastle_Annual_Report_2020.pdf)

Standard	Disclosure	Page number*	Direct Disclosure or Reason for Omission
<b>4. Governance</b>			
102-18	Governance structure	89, 98, 100-101	
102-19	Delegating authority	93, 97-99, 112, 123	
102-20	Executive-level responsibility for economic, environmental, and social topics	97, 112-119	
102-21	Consulting stakeholders on economic, environmental, and social topics	120-122	
102-23	Chair of the highest governance body	98	
102-24	Nominating and selecting the highest governance body	100-101	
102-25	Conflicts of interest	110, 120	
102-26	Role of highest governance body in setting purpose, values, and strategy	96	
102-27	Collective knowledge of highest governance body	101-103, 116-119	
102-28	Evaluating the highest governance body's performance	108-109	
102-29	Identifying and managing economic, environmental, and social impacts	116-119, 162-206	
102-30	Effectiveness of risk management processes	137-140	
102-31	Review of economic, environmental, and social topics	173-206	
102-32	Highest governance body's role in sustainability reporting	113, 118	
102-33	Communicating critical concerns	196-198	
102-34	Nature and total number of critical concerns	196-198	
102-35	Remuneration policies	142-160	
102-36	Process for determining remuneration	142-160	
102-37	Stakeholders' involvement in remuneration	142-160	
102-38	Annual total compensation ratio	160	
102-39	Percentage increase in annual total compensation ratio	160	
<b>GRI 102: General disclosures</b>			
<b>5. Stakeholder engagement</b>			
102-40	List of stakeholder groups	122	
102-41	Collective bargaining agreements	200	No employees are covered by collective bargaining agreements.
102-42	Identifying and selecting stakeholders	122	
102-43	Approach to stakeholder engagement	93, 100, 120-122	
102-44	Key topics and concerns raised	93, 100, 120-122	
<b>6. Reporting practice</b>			
102-45	Entities included in the consolidated financial statements	227-230	
102-46	Defining report content and topic boundaries	163	
102-47	List of material topics	173	
102-48	Restatements of information	GRI Content Index	There have been no restatements of information.
102-49	Changes in reporting	GRI Content Index	There have been no significant changes.

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Standard	Disclosure	Page number*	Direct Disclosure or Reason for Omission
102-50	Reporting period	Front cover	
102-51	Date of most recent report	Front cover	
102-52	Reporting cycle	Front cover	
102-53	Contact point for questions regarding the report	280	
102-54	Claims of reporting in accordance with the GRI Standards	168	
102-55	GRI Content Index	168-172	
102-56	External assurance	31, 214-219	The Sustainability report is not subject to external assurance review.
<b>GRI 201: Economic performance</b>			
103-1 103-2 103-3	Management approach	89-108	
201-1	Direct economic value generated and distributed	12, 221	
201-2	Financial implications and other risks and opportunities due to climate change	183-185	
201-3	Defined benefit plan obligations and other retirement plans	GRI Index Content	NEPI Rockcastle has not implemented a defined benefit plan or other retirement plan.
201-4	Financial assistance received from government	16-17	
<b>GRI 302: Energy</b>			
103-1 103-2 103-3	Management approach	174-180, 176-185	
302-1	Energy consumption within the organisation	178-179, 276-277	
302-2	Energy consumption outside of organisation	GRI Index Content	NEPI Rockcastle monitors the energy consumption of the organisation's entire structure, including the energy consumption of its tenants. Along with the implementation of a centralised system monitoring the consumption and operation of our properties. Transport and distribution fuel consumptions have not been monitored during 2020.
302-3	Energy intensity	179, 276-277	
302-4	Reduction of energy consumption	176-185, 276-277	
302-5	Reduction in energy requirements of products and services	176-185, 276-277	
<b>GRI 303: Water and effluents</b>			
103-1 103-2 103-3	Management approach	174, 181-182	
303-1	Interactions with water as a shared resource	181-182	
303-2	Management of water discharge related impacts	181-182	
303-3	Water withdrawal	181-182	NEPI Rockcastle does not withdraw water on a large scale. In some properties, withdrawn water may be used, for example, to irrigate the green areas.
303-4	Water discharge	181-182	
303-5	Water consumption	181-182	

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Standard	Disclosure	Page number*	Direct Disclosure or Reason for Omission
<b>GRI 305: Emissions</b>			
103-1 103-2 103-3	Management approach	174, 185	
305-1	Direct (Scope 1) GHG emissions	185, 276-277	
305-2	Energy indirect (Scope 2) GHG emissions	185, 276-277	
305-3	Other indirect (Scope 3) GHG emissions	185, 276-277	
305-4	GHG emissions intensity	185, 276-277	
305-5	Reduction of GHG emissions	185, 276-277	
305-6	Emissions of ozone-depleting substances (ODS)	184-185	
305-7	Nitrogen oxides (NOx), sulphur oxides (SOx) and other significant air emissions	184-185	
<b>GRI 306: Effluents and waste</b>			
103-1 103-2 103-3	Management approach	174, 182	
306-1	Water discharge by quality and destination	182	
306-2	Waste by type and disposal method	182	
306-3	Significant spills	GRI Index Content	NEPI Rockcastle did not identify any spill during this reporting period. The activity carried out does not involve any direct operations related to this topic.
306-4	Transport of hazardous waste	GRI Content Index	There is no transport of hazardous waste.
306-5	Water bodies affected by water discharge and/or runoff	182	
<b>GRI 308: Supplier environmental assessment</b>			
103-1 103-2 103-3	Management approach	124, 175, 196-199	
308-1	New suppliers that were screened using environmental criteria	175, 196-199	
308-2	Negative environmental impacts in the supply chain and actions taken	GRI Index Content	During the reporting period, NEPI Rockcastle did not identify any supplier as having significant actual or potential negative environmental impacts.
<b>GRI 401: Employment</b>			
103-1 103-2 103-3	Management approach	196-206	
401-1	New employees hires and employee turnover	204	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	201	
401-3	Parental leave	201	
<b>GRI 403: Occupational health and safety</b>			
403-1	Occupational health and safety management system	116, 118, 130-131, 189-195, 202	

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Standard	Disclosure	Page number*	Direct Disclosure or Reason for Omission
403-2	Hazard identification, risk assessment and incident investigation	130-135	
403-2	Occupational health services	202	
403-4	Worker participation, consultation and communication on occupational health and safety	202	
403-5	Worker training on occupational health and safety	202	
403-6	Promotion of worker health	118, 130-131, 189-195, 202	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	118, 130-131, 189-195, 202	
403-8	Workers covered by and occupational health and safety management system	202	
403-9	Work-related injuries	202	
403-10	Work-related ill health	202	
<b>GRI 404: Training and education</b>			
103-1 103-2 103-3	Management approach	205-206	
404-1	Average hours of training per year per employee	205-206	
404-2	Programmes for upgrading employee skills and transition assistance programs	205-206	
404-3	Percentage of employees receiving regular performance and career development reviews	205-206	
<b>GRI 405: Diversity and equal opportunity</b>			
103-1 103-2 103-3	Management approach	200-201	
405-1	Diversity of governance bodies and employees	101, 200-201	
405-2	Ratio of basic salary and remuneration of women to men	200-201	
<b>GRI 406: Non-discrimination</b>			
103-1 103-2 103-3	Management approach	147, 196-197	
406-1	Incidents of discrimination and corrective actions taken	197	
<b>GRI 413: Local communities</b>			
103-1 103-2 103-3	Management approach	173, 189-195	
413-1	Operations with local community engagement, impact assessments and development programs	173, 189-195	
413-2	Operations with significant actual and potential negative impacts on local communities	173, 189-195	

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## SUSTAINABILITY STRATEGY

### Identifying priority aspects and material issues

NEPI Rockcastle believes in the added value by having a permanent and open dialogue with its stakeholders.

Through various types of engagement, surveys and interactions, the Group encourages a fluent dialogue on the Group matters, including its ESG priorities, with all stakeholders: employees, shareholders, contractors, tenants, financing partners, analysts, investors, financial institutions,

regulatory and control authorities, local authorities, mass media and NGOs. The Group encourages all its partners to actively communicate their views related to specific aspects that have been identified as Group priorities.

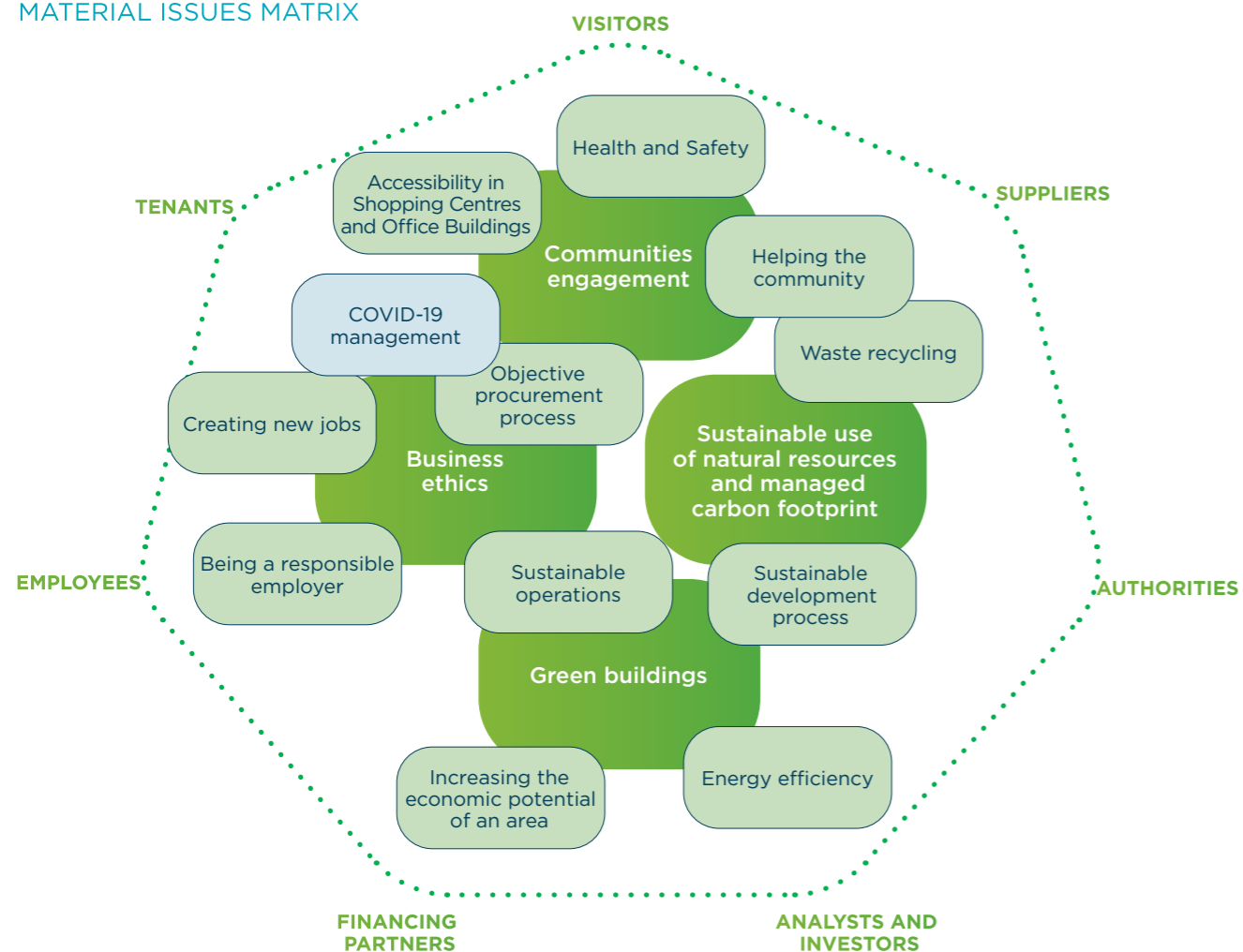
The engagement with Group's tenants, properties' visitors and other categories of stakeholders are included in the requirements of the BREEAM in Use certification carried out in our shopping centres.

Communication with all stakeholders is based on integrity, objectivity and

transparency. The governance model for managing communication and engagement, formal communication channels and regular updates provided by the Company to its stakeholders are described in detail in the Corporate Governance section 'Stakeholder engagement and relationship management', pages 120 to 122 in the [2020 Annual Report](#).

Based on stakeholders' interaction, as well as a robust internal assessment process, the Group determined (and updates on an annual basis) the top priorities and material issues that it needs to focus on.

## MATERIAL ISSUES MATRIX



The Group defined its sustainability strategy in 2018 and continued to refine it throughout 2019 and 2020. With a medium- and long-term view, the sustainability strategy has ramifications in key areas, such as promoting responsible resource management and consumption, reducing GHG emissions, enabling community growth and supporting a circular economy concept. The strategy is structured on four pillars (presented above), to better shape and address all significant areas and material issues.

**1. Sustainable resource management** - focuses on lowering

the negative impact on natural resources and biodiversity, resource efficiency, reduced GHG emissions and sustainable waste management.

**2. Sustainability through green buildings** - shows commitment to ongoing improvements across the portfolio, including green building certification of all new and existing assets, as well as sustainable management practices.

**3. Community engagement** - NEPI Rockcastle asserts that local and wider communities are the cornerstone of its sustainable strategy, therefore, the Group

aims to build good relationships, encourage feedback and offer support to enable progress and development.

**4. People and business integrity** - ethics are embedded in all aspects of the business, ensuring compliance with laws and regulations. In 2019, the Group updated its sustainability strategy to bring increase focus on its workforce and continued this approach in 2020. NEPI Rockcastle understands that the workforce is a key component of the business, and therefore adopted integrity and ethical principles into its human resources management processes.



# Pillar 1

Responsibly Together for  
Sustainable resource management

With the clear vision of improving the long-term sustainability of its operations, the Group continued to invest in the sustainable

development of its portfolio, in clean and sustainable technologies, adoption of policies that address environmental and social challenges

and engagement in more proactive stakeholder discussions.

Strategic initiative	Objective	KPI's	Term	
			Medium	Long
Sustainable resource management	Increase energy efficiency for retail portfolio by 10%	Energy consumption in MWh/visitor Energy consumption in MWh/m² GLA	2022	
	Increase energy efficiency for office portfolio by 5%*	Energy consumption in MWh/visitor Energy consumption in MWh/m² GLA	2022	
	Invest 5% of the annual budget in renewable sources of energy	% CAPEX invested in renewable energy sources % renewable energy in electricity contracts	2022	
	Assets to become energy independent and to produce renewable energy for own consumption	Measured carbon footprint		2030
	Become carbon neutral	Measured carbon footprint		2030
	Reduce emissions from constructions by 30%	Measured carbon footprint		2030
	Reach a waste recycling rate of at least 60%	% waste recycled in Kg/visitor % waste recycled in Kg/m² GLA	2022	
	Achieve zero waste to landfill	% waste recycled in Kg/visitor % waste recycled in Kg/m² GLA	2025	
	Decrease water consumption for office portfolio by 5%*	Water consumption in m³/visitor Water consumption in m³/m² GLA	2022	
	Decrease water consumption for retail portfolio by 10%	Water consumption in m³/visitor Water consumption in m³/m² GLA	2022	

\*Further to the disposal of the Romanian office portfolio in 2020, this significant strategic objective of the Group will be discontinued.

To achieve the targets set in Pillar 1, NEPI Rockcastle continued to strive

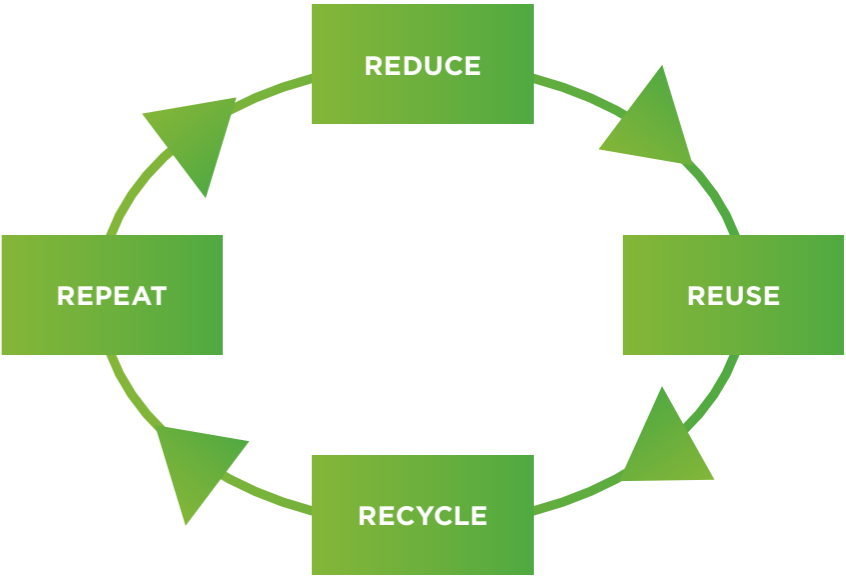
for excellence in its operations and promoted the initiatives launched in

2018 and 2019, while adding more innovative projects to the list.



Implementation of the Environmental Policy and the Sustainable Procurement Policy

Initiated in 2019, based on best practices review and various consultations with relevant stakeholders, the Environmental Policy and Sustainable Procurement Policy were implemented at Group level. The Environmental Policy defines the Group's commitment to achieve effective environmental management, ensuring adequate risk management, cost savings, innovation, profit and social responsibility. The Group encourages its personnel and the rest of the stakeholders to embrace the 4Rs principle:



The Sustainable Procurement Policy was designed to ensure that the Group

can influence in a positive manner its upstream value chain and its major

suppliers implement aligned sustainable principles in their line of business.

Sustainable procurement considers:

Environmental impacts

inputs of natural resources, energy and water, use and disposal of goods

Social impacts

labour conditions in the manufacture, use and disposal of goods or delivery of services

Economic impacts

costs of operation and maintainance over the life of the goods

The Group values the following principles of sustainable procurement, with a target of full implementation by 2022:

- choosing products and services with a lower negative impact in order to reduce the environmental impact over the lifecycle of goods (during their production, use and disposal) and services;
- implementing new strategies in order to avoid unnecessary consumption and proactively manage demand;
- making sure that procurement is approached in an ethical manner;
- reasonably reviewing that major suppliers are aware and comply with the sustainable

procurement principles in order to understand the impact of their products on environment and communities; and

- encouraging innovation in sustainable products and services.

**Status of energy efficiency initiatives**

The replacement of the traditional lighting sources with LED luminaires started during 2018 and 2019 and continued in 2020. The replacement of the traditional lighting sources with LED luminaires in landlord controlled area started during 2018 and 2019 and continued in 2020. As of 31 December 2020, LED lighting is fully implemented in 70% of the portfolio

(by GLA). LED lighting is partially implemented with different stages of implementation (50% - 90%) in an additional 7% of the portfolio. The Group is further pursuing the implementation of LED lighting for the remaining 23% of its property portfolio (by GLA), by the end of 2023; for the majority of these properties, LED lighting implementation was scheduled for 2020 and delayed mainly due to COVID-19 context. Additionally, occupational lighting management and instant presence lighting management have been deployed.

PROPERTY	Country	Type	Status LED 2020
Bonarka City Center	Poland	Retail	Pending
Arena Mall	Hungary	Retail	Pending
Mega Mall	Romania	Retail	Implemented
Mammut Shopping Centre	Hungary	Retail	Pending
Paradise Center	Bulgaria	Retail	Implemented
Arena Centar and Retail Park	Croatia	Retail	Implemented
City Park	Romania	Retail	Implemented
Promenada Mall	Romania	Retail	Partially implemented (50%)
Aupark Kosice Mall	Slovakia	Retail	Pending
Galeria Warمیńska	Poland	Retail	Implemented
Serdika Center	Bulgaria	Retail	Implemented
Karolinka Shopping Centre	Poland	Retail	Implemented
Ozas Shopping and Entertainment Centre	Lithuania	Retail	Pending
Shopping City Sibiu	Romania	Retail	Implemented
Shopping City Timisoara	Romania	Retail	Implemented
Galeria Mlyny Shopping Centre	Slovakia	Retail	Partially implemented (50%)
Aupark Zilina	Slovakia	Retail	Pending
Promenada Novi Sad	Serbia	Retail	Implemented
Focus Mall Zielona Góra	Poland	Retail	Implemented
Shopping City Galati	Romania	Retail	Implemented
Promenada Sibiu	Romania	Retail	Implemented
Iris Titan Shopping Center	Romania	Retail	Implemented
Forum Ústí nad Labem	Czech Republic	Retail	Implemented
Shopping City Deva	Romania	Retail	Implemented
Shopping City Targu Mures	Romania	Retail	Implemented
Braila Mall	Romania	Retail	Partially implemented (70%)
Solaris Shopping Centre	Poland	Retail	Implemented
Forum Liberec Shopping Centre	Czech Republic	Retail	Implemented
Pogoria Shopping Centre	Poland	Retail	Implemented
Platan Shopping Centre	Poland	Retail	Implemented
Vulcan Value Centre	Romania	Retail	Partially implemented (90%)
Aura Centrum	Poland	Retail	Pending
Galeria Wołomin	Poland	Retail	Implemented
Shopping City Buzau	Romania	Retail	Implemented
Shopping City Satu Mare	Romania	Retail	Implemented
Shopping City Piatra Neamt	Romania	Retail	Implemented
Shopping City Targu Jiu	Romania	Retail	Implemented
Shopping City Ramnicu Valcea	Romania	Retail	Implemented
Kragujevac Plaza	Serbia	Retail	Implemented
Focus Mall Piotrków Trybunalski	Poland	Retail	Implemented
Aupark Shopping Center Piestany	Slovakia	Retail	Pending
Korzo Shopping Centrum	Slovakia	Retail	Implemented
Severin Shopping Center	Romania	Retail	Implemented
Galeria Tomaszów	Poland	Retail	Implemented
Krusevac Shopping Park	Serbia	Retail	Implemented
Serdika Office	Bulgaria	Office	Implemented
Aupark Kosice Tower	Slovakia	Office	Implemented
Rasnov Industrial Facility	Romania	Industrial	Implemented
Otopeni Warehouse	Romania	Industrial	Implemented

#### HVAC consumption optimisation measures

- Reducing temperatures during closed hours.
- Free cooling management.
- Equipment frequency management.

#### Measures implemented for water consumption management

- Daily consumption monitoring, as a basis for water conservation.
- Rainwater recovery and reuse.
- Water leak/consumption sensors.
- Deployment of industrial equipment for water treatment and recirculation.
- Installation of advanced water-saving appliances.

#### Pest control

- Integrated methods based on monitoring and non-toxic preventive measures are used to proactively manage and minimise pest issues.

#### Safe, non-harming cleaning products

- Cleaning products and materials, including hard floor and carpet-care products, meet the requirements of Green Seal, Environmental Choice Programmes or European Eco-Label Programs.
- Adopted the Deep Cleaning Procedure, in order to adequately train staff to efficiently apply cleaning procedures, as well as to use safe cleaning products.

#### “Less paper, more air”, “less plastic, more life” principles remained essential during 2020

- No paper towels in the toilets,

- only high efficiency dryers.
- Less printed contracts for Group's operations and electronic signature implemented.
- Selective waste management.
- Recycled materials replacing plastic accessories.
- Ceramics, metal or recycled paperboard accessories in the food courts.

**Efficient waste reduction** achieved through an integrated waste management system applied across the core portfolio. The success of this initiative is highly dependent on public waste management programmes necessary to raise awareness in the communities where the Group's shopping centres are located.

#### Centralised building operating system

During 2020, the Group continued the development and integration



of a centralised building operating system. The system is meant to integrate building management systems, life and safety systems, security systems and other technical equipment from all buildings into a single Building Operating Center. The Building Operating Center will allow consumption optimisation, extended equipment lifespan, instant response to weather changes, predictive maintenance, costs predictability and traceability.

Shopping City Satu Mare in Romania was the first property to be integrated into the Building Operating Center as a pilot and the Group is in process of performing system integration, optimisation and evaluating results.

The Group is targeting an average of 14% electricity consumption reduction, after full implementation and integration. By the end of 2021, the Group plans to implement the system across 40% of its portfolio

(depending on the results of the pilot) analysing and calibrating the real-time results, while in the second phase, by the end of 2023, the system is planned to cover 100% of the assets.

#### Responsible operations practices

NEPI Rockcastle has implemented proficient health and safety measures:

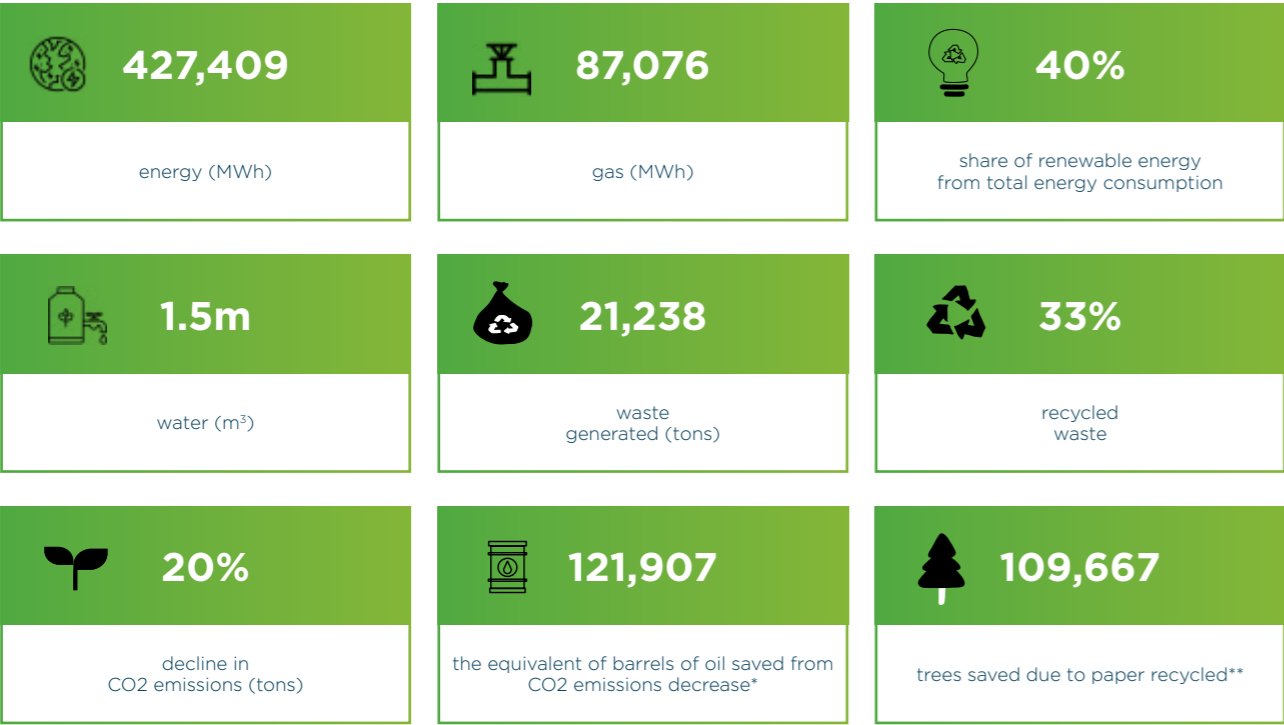
- safety audits are performed regularly and supervised by specialised independent companies, ensuring that NEPI Rockcastle's properties are safe shopping destinations;
- emergency procedures are tested in real-life simulations (evacuation drills);
- good-quality materials with low emissions of volatile organic compounds and low content of harmful substances are used. Technical specifications are considered for a large range of products: finishing materials, paints, adhesives, floor

coverings, carpets and other largely utilised products; and the technical teams ensure that fresh air is constantly available in the Group's buildings, through the use of Building Management Systems. Ventilation ducts are checked regularly and filter replacement is carried out at least twice a year, while the risk of Legionella disease is controlled by undertaking regular tests.

In order to safely manage the COVID-19 crisis, the Group prepared and implemented the following:

- close control of visitors' access in order to comply with authorities' requirements regarding the maximum allowed capacity;
- temperature control devices were installed at main access points of all shopping centres;
- where technically possible, shopping centres used natural ventilation at all times, following WHO recommendations;
- all shops were verified in terms of cleaning and disinfection procedures;
- the staff's state of health is regularly checked in compliance with safety norms and procedures in accordance with authorities' instructions, while staff is permanently wearing masks;
- sanitising dispensers were installed in key areas;
- handles and other frequently touched areas have been covered with nano septic foil or disinfected more frequently;
- dedicated waste bins for used gloves and masks were installed at exit points;
- distancing stickers were installed in all relevant areas;
- the date of reopening was communicated to all relevant authorities; and
- signage for specific COVID-19 safety initiatives, aiming to increase visitors awareness of risks and safety measures, was installed in visible areas.

Key figures for consumption



\* Equivalent of barrels of oil: <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>  
\*\* Trees saved by recycling of paper: <https://www.usi.edu/recycle/paper-recycling-facts/>

During 2020, due to the restrictions imposed as a response to COVID-19 pandemic, utilities consumption and GHG emissions decreased significantly in all properties. Since

the restrictions differed from one country to another, in terms of duration and impact, the Group was not able to quantify the proportion of the consumption optimisation

attributable to its proactive management efforts compared to the one induced by the COVID-19 context.

Energy

Energy and gas consumption

Based on close monitoring of energy consumption, the Group enables the following:

- assess progress versus targets and long-term sustainability strategy;
- build awareness of actual consumption and trends; and
- constant benchmarking and targets assessment.

NEPI Rockcastle’s largest environmental impact is represented by the properties’ energy consumption. Consequently, the Group is working continuously on optimising the energy consumption in its properties, as one of the Group’s top environmental priorities.

During 2020, the Group continued to implement the planned measures envisaged to reduce energy

consumption. In anticipation of the measures implemented by national authorities in the context of COVID-19 pandemic (such as closing of non-essential stores), the Group implemented new technology to intelligently modulate electricity consumption, depending on the outside temperature and footfall (traffic) respectively.

Energy consumption (MWh)

Country	number of properties 2020	Total			number of properties	Like-for-like		
		2020	2019*	% (2020-2019)		2020	2019*	% (2020-2019)
<b>Retail</b>	<b>54</b>	<b>402,554</b>	<b>497,726</b>	<b>-19%</b>	<b>35</b>	<b>294,897</b>	<b>383,766</b>	<b>-23%</b>
Romania	26	149,974	178,750	-16%	14	114,489	153,284	-25%
Poland	12	86,904	116,961	-26%	8	46,854	64,454	-27%
Slovakia	5	30,198	34,840	-13%	5	30,198	34,840	-13%
Bulgaria	2	37,238	51,965	-28%	2	37,238	51,965	-28%
Hungary	2	33,352	39,607	-16%	2	33,352	39,607	-16%
Serbia	3	21,884	25,105	-13%	2	20,559	24,537	-16%
Lithuania	1	5,613	6,701	-16%	1	5,613	6,701	-16%
Croatia	1	21,427	23,606	-9%	0	-	-	-
Czech Republic	2	15,964	20,191	-21%	1	6,594	8,378	-21%
<b>Office</b>	<b>6</b>	<b>20,027</b>	<b>30,992</b>	<b>-35%</b>	<b>2</b>	<b>3,844</b>	<b>4,353</b>	<b>-12%</b>
Romania**	4	16,183	26,639	-39%	0	-	-	-
Slovakia	1	1,230	1,246	-1%	1	1,230	1,246	-1%
Bulgaria	1	2,614	3,107	-16%	1	2,614	3,107	-16%
<b>Industrial</b>	<b>2</b>	<b>4,828</b>	<b>5,095</b>	<b>-5%</b>	<b>2</b>	<b>4,828</b>	<b>5,095</b>	<b>-5%</b>
Romania	2	4,828	5,095	-5%	2	4,828	5,095	-5%
<b>TOTAL</b>	<b>62</b>	<b>427,409</b>	<b>533,813</b>	<b>-20%</b>	<b>39</b>	<b>303,569</b>	<b>393,214</b>	<b>-23%</b>

\* Figures revised further to the standardised modelling of consumption data in a unitary digital platform (Measurabl) across the portfolio.  
\*\* In August 2020, the Group disposed of the Romanian office portfolio, with a total leasable area of 117,500m². The associated consumption data up to August 2020 was included in the reported figures above.

Energy intensity (kWh/m², kWh/1,000 visitors)

Country	number of properties 2020	2020 Energy Intensity kWh/m²	2019 Energy Intensity kWh/m²	% (2020-2019)	2020 Energy Intensity kWh/1,000 visitors	2019 Energy Intensity kWh/1,000 visitors	% (2020-2019)
<b>Retail</b>	<b>54</b>	<b>103.5</b>	<b>130.9</b>	<b>-21%</b>	<b>1,818.9</b>	<b>1,530.0</b>	<b>19%</b>
Romania	26	113.5	141.0	-20%	1,700.1	1,471.5	16%
Poland	12	91.4	126.0	-27%	1,892.4	1,655.5	14%
Slovakia	5	108.9	125.7	-13%	1,261.1	897.9	40%
Bulgaria	2	106.0	147.9	-28%	3,427.1	2,844.7	20%
Hungary	2	114.9	136.5	-16%	1,902.4	1,487.5	28%
Serbia	3	104.1	119.5	-13%	2,357.5	2,137.5	10%
Lithuania	1	40.9	48.9	-16%	1,428.8	1,119.0	28%
Croatia	1	99.8	109.9	-9%	2,928.7	2,422.2	21%
Czech Republic	2	115.8	159.9	-28%	1,115.9	917.6	22%
<b>Office</b>	<b>6</b>	<b>76.0</b>	<b>117.6</b>	<b>-35%</b>	<b>-</b>	<b>-</b>	<b>-</b>
Romania**	4	78.7	129.6	-39%	-	-	-
Slovakia	1	66.5	67.4	-1%	-	-	-
Bulgaria	1	66.3	78.8	-16%	-	-	-
<b>Industrial</b>	<b>2</b>	<b>98.9</b>	<b>104.4</b>	<b>-5%</b>	<b>-</b>	<b>-</b>	<b>-</b>
Romania	2	98.9	104.4	-5%	-	-	-
<b>TOTAL</b>	<b>62</b>	<b>101.7</b>	<b>129.7</b>	<b>-22%</b>	<b>1,818.9</b>	<b>1,530.0</b>	<b>19%</b>

\* Figures revised further to the standardised modelling of consumption data in a unitary digital platform (Measurabl) across the portfolio.  
\*\* In August 2020, the Group disposed of the Romanian office portfolio, with a total leasable area of 117,500m². The associated consumption data up to August 2020 was included in the reported figures above.

Gas consumption (MWh)

Country	number of properties	Total			number of properties	Like-for-like		
		2020	2019*	% (2020-2019)		2020	2019*	% (2020-2019)
<b>Retail</b>	<b>54</b>	<b>67,604</b>	<b>82,814</b>	<b>-18%</b>	<b>35</b>	<b>51,458</b>	<b>63,741</b>	<b>-19%</b>
Romania	26	37,227	42,439	-12%	14	28,064	36,272	-23%
Poland	12	1,437	1,953	-26%	8	1,202	1,642	-27%
Slovakia	5	6,702	5,905	13%	5	6,702	5,905	13%
Bulgaria	2	4,525	5,398	-16%	2	4,525	5,398	-16%
Hungary	2	8,216	12,153	-32%	2	8,216	12,153	-32%
Serbia	3	2,005	1,443	39%	2	2,005	1,443	39%
Lithuania	1	744	928	-20%	1	744	928	-20%
Croatia	1	3,310	3,017	10%	0	-	-	-
Czech Republic	2	3,438	9,578	-64%	1	-	-	-
<b>Office</b>	<b>6</b>	<b>9,857</b>	<b>14,177</b>	<b>-30%</b>	<b>2</b>	<b>7,221</b>	<b>8,876</b>	<b>-19%</b>
Romania**	4	2,636	5,301	-50%	0	-	-	-
Slovakia	1	7,221	8,876	-19%	1	7,221	8,876	-19%
Bulgaria***	1	-	-	-	1	-	-	-
<b>Industrial</b>	<b>2</b>	<b>9,615</b>	<b>9,286</b>	<b>4%</b>	<b>2</b>	<b>9,615</b>	<b>9,286</b>	<b>4%</b>
Romania	2	9,615	9,286	4%	2	9,615	9,286	4%
<b>TOTAL</b>	<b>62</b>	<b>87,076</b>	<b>106,277</b>	<b>-18%</b>	<b>39</b>	<b>68,294</b>	<b>81,903</b>	<b>-17%</b>

\* Figures revised further to the standardised modelling of consumption data in a unitary digital platform (Measurabl) across the portfolio.  
\*\* In August 2020, the Group disposed of the Romanian office portfolio, with a total leasable area of 117,500m². The associated consumption data up to August 2020 was included in the reported figures above.



Reduction of energy consumption

Rationalising consumption of resources and increasing energy efficiency are key objectives in the Group's strategy. The Group continued to increase the energy efficiency of its portfolio, reduce consumption and, in addition, work towards ensuring the energy independence of some of its buildings. The Group increased and will continue to increase the use of energy from renewable sources. Endorsed by the Board of Directors, in 2020 the Group decided to accelerate its target to consume 50% of its energy from renewable sources by 2030. Thus, starting August 2020, the Group's aggregate energy consumption includes 50% consumption from renewable sources, as confirmed by the energy origin certificates. Based on this approach, the initial target has already been met in 2020 and the Group will continue to increase the use of energy from renewable sources, in line with its carbon neutrality objective.



Renewable energy (MWh)

Country	number of properties 2020	Total energy consumption (MWh) 2020	Renewable energy (MWh) 2020	% of renewable energy 2020	number of properties 2019	Total energy consumption (MWh) 2019*	Renewable energy (MWh) 2019*	% of renewable energy 2019*
<b>Retail</b>	<b>54</b>	<b>402,554</b>	<b>164,775</b>	<b>41%</b>	<b>53</b>	<b>497,726</b>	<b>136,453</b>	<b>27%</b>
Romania	26	149,974	56,487	38%	25	178,750	69,199	39%
Poland	12	86,904	15,579	18%	12	116,961	21,051	18%
Slovakia	5	30,198	16,465	55%	5	34,840	6,787	19%
Bulgaria	2	37,238	13,000	35%	2	51,965	6,910	13%
Hungary	2	33,352	21,043	63%	2	39,607	7,921	20%
Serbia	3	21,884	20,151	92%	3	25,105	15,885	63%
Lithuania	1	5,613	5,613	100%	1	6,701	1,340	20%
Croatia	1	21,427	14,493	68%	1	23,606	4,721	20%
Czech Republic	2	15,964	1,944	12%	2	20,191	2,639	13%
<b>Office</b>	<b>6</b>	<b>20,027</b>	<b>4,948</b>	<b>25%</b>	<b>6</b>	<b>30,992</b>	<b>12,602</b>	<b>41%</b>
Romania**	4	16,183	4,282	26%	4	26,639	12,477	47%
Slovakia	1	1,230	123	10%	1	1,246	125	10%
Bulgaria	1	2,614	543	21%	1	3,107	-	0%
<b>Industrial</b>	<b>2</b>	<b>4,828</b>	<b>1,933</b>	<b>40%</b>	<b>2</b>	<b>5,095</b>	<b>1,747</b>	<b>34%</b>
Romania	2	4,828	1,933	40%	2	5,095	1,747	34%
<b>TOTAL</b>	<b>62</b>	<b>427,409</b>	<b>171,656</b>	<b>40%</b>	<b>61</b>	<b>533,813</b>	<b>150,802</b>	<b>28%</b>
% of renewable energy out of total energy consumption			<b>40%</b>				<b>28%</b>	

\* Figures revised further to the standardised modelling of consumption data in a unitary digital platform (Measurabl) across the portfolio.  
\*\* In August 2020, the Group disposed of the Romanian office portfolio, with a total leasable area of 117,500m². The associated consumption data up to August 2020 was included in the reported figures above.



Water and effluents

Interactions with water as a shared resource

NEPI Rockcastle properties are connected to the public water and sewage networks. The main water consumers in our properties are the food processors and the visitors. Prevention of water waste, careful monitoring of consumption, leak detection and signalling, are the main measures integrated into the properties. The decrease in water consumption in 2020 is partly attributable to management efforts on optimisation of resource usage and partly to the context of the COVID-19 pandemic and the restrictions imposed on some tenants' activities. By continuing the implementation of the measures proposed in the previous years, as well as

implementing additional actions, we get closer to meeting our proposed targets. The following were deployed:

- perform studies to check if underground water can be used instead of the conventional system, for specific operations (i.e., water wells for cooling towers and reverse osmosis system pumps);
- collect rainwater for irrigation and other activities such as cleaning;
- install diffusers on water taps to reduce the flow;
- fit toilet areas with water shutoff systems;
- eliminate leakage from the fire systems and HVAC and install leak prevention and monitoring systems, with BMS alert sensors;
- implement a proactive

- maintenance and revision schedule for the equipment; and
- perform regular water analysis to determine the risk of Legionella contamination and ensure water quality as well as the integrity of water distribution systems.

Despite the COVID-19 context, the Group implemented new technology to intelligently conserve water use and optimise water consumption (being able to react timely to measures implemented by national authorities, such as closing of non-essential stores and distancing measures).

Water consumption (m³)

Country	number of properties 2020	Total			number of properties	Like-for-like		
		2020	2019*	% (2020-2019)		2020	2019*	% (2020-2019)
<b>Retail</b>	<b>54</b>	<b>1,428,550</b>	<b>1,867,787</b>	<b>-24%</b>	<b>35</b>	<b>1,095,020</b>	<b>1,521,000</b>	<b>-28%</b>
Romania	26	638,904	821,544	-22%	14	481,024	697,107	-31%
Poland	12	254,598	353,052	-28%	8	140,178	203,536	-31%
Slovakia	5	93,405	139,907	-33%	5	93,405	139,906	-33%
Bulgaria	2	113,530	155,320	-27%	2	113,530	155,320	-27%
Hungary	2	117,700	160,877	-27%	2	117,700	160,877	-27%
Serbia	3	75,934	77,648	-2%	2	66,759	77,274	-14%
Lithuania	1	40,681	56,379	-28%	1	40,681	56,379	-28%
Croatia	1	31,564	45,356	-30%	0	-	-	-
Czech Republic	2	62,234	57,704	8%	1	41,743	30,601	36%
<b>Office</b>	<b>6</b>	<b>48,810</b>	<b>125,213</b>	<b>-61%</b>	<b>2</b>	<b>13,508</b>	<b>27,694</b>	<b>-51%</b>
Romania**	4	35,302	97,519	-64%	0	-	-	-
Slovakia	1	4,983	8,205	-39%	1	4,983	8,205	-39%
Bulgaria	1	8,525	19,489	-56%	1	8,525	19,489	-56%
<b>Industrial</b>	<b>2</b>	<b>14,670</b>	<b>16,783</b>	<b>-13%</b>	<b>2</b>	<b>14,670</b>	<b>16,783</b>	<b>-13%</b>
Romania	2	14,670	16,783	-13%	2	14,670	16,783	-13%
<b>TOTAL</b>	<b>62</b>	<b>1,492,030</b>	<b>2,009,783</b>	<b>-26%</b>	<b>39</b>	<b>1,123,198</b>	<b>1,565,477</b>	<b>-28%</b>

\* Figures revised further to the standardised modelling of consumption data in a unitary digital platform (Measurabl) across the portfolio.  
\*\* In August 2020, the Group disposed of the Romanian office portfolio, with a total leasable area of 117,500m². The associated consumption data up to August 2020 was included in the reported figures above.

Water intensity (m³/m²/year)

Country	number of properties 2020	2020	2019	%(2020-2019)
<b>Retail</b>	<b>54</b>	<b>0.37</b>	<b>0.49</b>	<b>-25%</b>
Romania	26	0.48	0.65	-25%
Poland	12	0.27	0.38	-30%
Slovakia	5	0.34	0.50	-33%
Bulgaria	2	0.32	0.44	-27%
Hungary	2	0.41	0.55	-27%
Serbia	3	0.36	0.37	-2%
Lithuania	1	0.30	0.41	-28%
Croatia	1	0.15	0.21	-30%
Czech Republic	2	0.45	0.46	-1%
<b>Office</b>	<b>6</b>	<b>0.19</b>	<b>0.48</b>	<b>-61%</b>
Romania**	4	0.17	0.47	-64%
Slovakia	1	0.27	0.44	-39%
Bulgaria	1	0.22	0.49	-56%
<b>Industrial</b>	<b>2</b>	<b>0.30</b>	<b>0.34</b>	<b>-13%</b>
Romania	2	0.30	0.34	-13%
<b>TOTAL</b>	<b>62</b>	<b>0.36</b>	<b>0.49</b>	<b>-27%</b>

\* Figures revised further to the standardised modelling of consumption data in a unitary digital platform (Measurabl) across the portfolio.  
\*\* In August 2020, the Group disposed of the Romanian office portfolio, with a total leasable area of 117,500m². The associated consumption data up to August 2020 was included in the reported figures above.

Management of water discharge impact

Complementary to water consumption management, another aspect addressed by NEPI Rockcastle is the management of the impact of water discharge.

NEPI Rockcastle activities are non-industrial and therefore the volume of water consumed may be considered equal to the volume of water discharged, with a negligible difference for rainwater.

- The main wastewater sources identified in Group properties are:
- domestic wastewater from sanitary areas, offices and showers;
  - tenants' technological wastewater from the food processing areas;
  - rainwater from the roofs; and
  - rainwater from the vehicles parking/roads platforms.

- Rigorous implementation of the Environmental Policy at Group level includes regular maintenance programs, use of performant equipment and strict internal procedures, to make sure that our properties are permanently in compliance with water quality regulations:
- hydrocarbon/oil separators installed in parking areas;
  - grease separators for all properties and individual grease separators for food processing tenants;

- specific maintenance programme for the sewage system;
- separate sewage system for wastewater and rainwater; and
- water treatment plants for all properties where the used water is discharged into a natural stream of water.

Water bodies affected by water discharge and/or runoff

The Group's water discharge process is not considered a high-risk pollution factor, all properties being in compliance with the relevant laws. Due to a few cities' technical restrictions on the takeover capacity, some NEPI Rockcastle properties are not connected to the city's public sewage system, and discharge the used waters into a natural stream of water. Strictly on and around these sites, biogenesis does not include any plant or animal species protected by the legal regulations in force. Even so, in these locations the wastewaters are discharged after being treated in wastewater plants, under the supervision of environmental authorities. The Group takes responsibility and minimises as much as possible the effects of its activities, by constantly monitoring the water quality both before reaching the plant and before discharge.

Waste management

NEPI Rockcastle's objective is to reduce the volume of waste that goes to landfill, to maximise

recycling and enable reuse. The waste generated is managed by authorised operators in accordance with local laws while the Group provides space and appropriate facilities for sorting and depositing the waste prepared for recycling.

Recycling and waste management

In 2020 the Group implemented complex actions meant to reduce the waste generated in its properties and to ensure a higher recycling rate. Thus, adequate actions were carried out to create a solid and long-term cooperation with tenants and waste management providers, to educate the members of the communities, all these initiatives were supported by updates in the internal regulations and investments in equipment that enables selective collection of waste.

All collection containers have been replaced with selective collection systems, including in food-court areas, allowing proper separation between waste and recyclable fractions, by adequate labelling. Moreover, from July 2020, the Group is no longer disposing of recyclable waste. To support the Group's goal of becoming "zero waste to landfill by 2025", at the end of 2020, the Board of Directors approved the investment in "in-vessel composting equipment" designed to convert biodegradable waste into composted waste.



Environmental Compliance

The Group meets its environmental obligations and fully complies with applicable laws and standards. All properties abide by with the environmental laws and norms of the countries in which they operate, while compliance is monitored and endorsed by the environmental protection authorities. Our partners are encouraged to send their feedback, including communications that highlight non-compliance with environmental laws or regulations or environmental risks. During 2020, the Group has not been involved in material matters concerning environmental non-compliance.

Biodiversity and Deforestation

- NEPI Rockcastle aims to have a unitary approach towards the conservation of biodiversity and minimising its impacts, therefore has planned to:
- develop a Biodiversity Strategy at Group level by 2025; and
  - implement a Biodiversity action plan for all properties in operation by 2023 and for all properties under development by 2025.

Carbon Footprint and Climate Change

Financial implications and other risks and opportunities due to climate change

NEPI Rockcastle is aware that climate change will impact both its operations and those of its value chain partners.

Developing an action plan on climate change is a key step in addressing the challenges involved. The Group's development strategy is based on adopting climate-resilient activities and on reducing the carbon emissions resulting from its operations. The Group monitors and is aware of the climate risks and opportunities it faces and develops conscious measures to mitigate such risks. The Group will implement necessary measures to mitigate risks that may result in significant pollution or notable negative effects on protected flora or fauna.

Generated Waste (tons)

Type of waste	Total			Like-for-like		
	2020**	2019*	% (2020-2019)	2020	2019*	% (2020-2019)
Unrecycled waste	14,226	23,611	-40%	10,669	18,860	-43%
Household waste	14,098	23,611	-40%	10,565	18,860	-44%
Incineration waste	128	-	-	104	-	-
Recycled waste	7,012	8,565	-18%	4,563	5,686	-20%
Paper waste	6,451	7,880	-18%	4,198	5,231	-20%
Plastic waste	421	514	-18%	274	341	-20%
Other recyclable waste	140	171	-18%	91	114	-20%
Total	21,238	32,176	-34%	15,232	24,546	-38%
% Recycled waste of total waste	33%	27%	24%	30%	23%	29%

\* Figures revised further to the standardised modelling of consumption data in a unitary digital platform (Measurabl) across the portfolio.  
\*\* In August 2020, the Group disposed of the Romanian office portfolio, with a total leasable area of 117,500m². The associated consumption data up to August 2020 was included in the reported figures above.

CLIMATE RISKS						
	Physical risks			Transition-related risks		
	Acute risks	Chronic risks	Policy and legal risks	Technology risks	Market risk	Reputation risks
Potential risks	Increased risk of extreme weather events	Changes in climate and landscape	Imposition of mitigation policies or regulation and exposure to litigation	Investment and transition costs to low carbon technology Uncertainty of investment decisions	Uncertainty regarding consumer behaviour, market signals and supply chain	Changes in consumer preferences and stakeholder expectations
Financial implications	Increased operating, capital and insurance costs, as well as asset depreciation due to damages		Increase in operating and/or litigation costs	Value loss of existing assets Costs of procuring new technology	Increased costs from unexpected market changes in supply chains	Reduced revenue

CLIMATE-RELATED OPPORTUNITIES					
	Resource efficiency	Energy source	Products and services	Markets	Resilience
Potential opportunities	Improved operating efficiency	Access to new technologies and energy sources Access to incentive schemes and carbon offset markets	Development of new products, low-emission goods and services and climate adaptation measures	Access to new markets, assets and public sector incentives	Reduced energy and resource dependency
Financial implications	Reduced operating costs Value gains of fixed assets	Increased capital availability and positive returns from low-carbon technology investments Reduced operational costs and exposure to future carbon policies Potential revenue stream from produced green energy	Increased revenue and better competitive position	Increased revenue through access to new markets and diversification	Increased resilience resulting in reduced costs

Climate change targets and actions

NEPI Rockcastle aims to contribute to a more sustainable environment, by reducing the carbon (CO2) footprint of its buildings during both construction and operation. In 2020, the Group decreased its CO2 footprint by 20% compared to 2019, however, a part of this may be

attributed to the reduced operations of the shopping centres. In the scale of global emissions by economic sector, the Group's activity is generating direct emissions mainly through energy consumption (electricity and gas) for heating and cooling, waste disposal and indirect emissions from the transportation used by its visitors.

NEPI Rockcastle discharges mainly gas emissions generated by the HVAC equipment in its properties. Such emissions are kept under control and verified according to the law, while no in compliance has been reported. The Group performs regular maintenance and technical verifications of its equipment, and

it is committed to investing in new technologies that minimise negative impact on the environment.

The Group's sustainability strategy sets ambitious targets for the next decade of activity, the main and

most important being to achieve net zero carbon emissions until 2030, materially adjusting the previous target of carbon footprint reduction by 20%. The decision comes in the vanguard of the European Union's plan to make Europe the first

climate-neutral continent by 2050. The Group made a long-term commitment to become carbon neutral by 2030, with the following measures to be implemented:

Implement carbon footprint calculation methodology in line with ISO 14064 principles

Deploy a carbon offsetting strategy and implement innovative technical solutions to reduce greenhouse gas emission

Plan for "eco-friendly" buildings early in the design phase

Use alternative low carbon-emission materials

Replace old equipment with new more energy-efficient equipment

Continue to implement and upgrade LED lighting and sensors solutions

Invest in green energy sources such as solar panels, photovoltaic parks and electrical cars charging facilities

Advocate electric ride sharing concepts

The Group is carefully analysing the costs and requirements for the

implementation of alternative energy solutions in the next 3 to 5 years,

which may enable achieving energy autonomy in the next 10 years.

Carbon emissions

Carbon emissions vary according to building type and are linked to particular use and operation of each building, as well as structure, area, location and climate.

Country	number of properties 2020	Scope 1 2020	Scope 2 2020	Scope 3 2020	Total 2020	Scope 1 2019	Scope 2 2019	Scope 3 2019	Total 2019	% (2020-2019)	Emissions intensity 2020 (kg CO2/m²)
<b>Retail</b>	<b>54</b>	<b>10,561</b>	<b>63,372</b>	<b>102,207</b>	<b>176,140</b>	<b>20,364</b>	<b>81,455</b>	<b>124,581</b>	<b>226,400</b>	<b>-22%</b>	<b>45</b>
Romania	26	3,437	20,625	33,224	57,286	6,092	24,366	37,226	67,684	-15%	43
Poland	12	4,097	24,583	39,606	68,286	8,273	33,091	50,556	91,920	-26%	72
Slovakia	5	292	1,753	2,825	4,870	484	1,936	2,958	5,378	-9%	18
Bulgaria	2	1,178	7,067	11,384	19,629	2,427	9,706	14,828	26,961	-27%	56
Hungary	2	648	3,891	6,268	10,807	1,211	4,845	7,402	13,458	-20%	37
Serbia*	3	-	-	-	-	-	-	-	-	-	-
Lithuania	1	-	-	114	114	-	-	137	137	-17%	1
Croatia	1	312	1,870	3,013	5,195	503	2,013	3,075	5,591	-7%	24
Czech Republic	2	597	3,583	5,773	9,953	1,374	5,498	8,399	15,271	-35%	72
<b>Office</b>	<b>6</b>	<b>476</b>	<b>4,920</b>	<b>2,706</b>	<b>8,102</b>	<b>722</b>	<b>6,472</b>	<b>5,376</b>	<b>12,570</b>	<b>-36%</b>	<b>31</b>
Romania	4	460	2,592	2,706	5,758	695	3,703	5,376	9,774	-41%	28
Slovakia	1	16	1,100	-	1,116	27	1,309	-	1,336	-16%	60
Bulgaria	1	-	1,228	-	1,228	-	1,460	-	1,460	-16%	31
<b>Industrial</b>	<b>2</b>	<b>84</b>	<b>-</b>	<b>4,336</b>	<b>4,420</b>	<b>97</b>	<b>-</b>	<b>4,304</b>	<b>4,401</b>	<b>-</b>	<b>91</b>
Romania	2	84	-	4,336	4,420	97	-	4,304	4,401	-	91
<b>TOTAL</b>	<b>62</b>	<b>11,121</b>	<b>68,292</b>	<b>109,249</b>	<b>188,662</b>	<b>21,183</b>	<b>87,927</b>	<b>134,261</b>	<b>243,371</b>	<b>-22%</b>	<b>45</b>
					<b>188,662</b>						<b>243,371</b>

Disclosed as per GRI 305 Standard and related topics: Scope 1 - Direct greenhouse gas emissions; Scope 2 - Energy indirect greenhouse gas emissions; Scope 3 - Other indirect greenhouse gas emissions  
\*CO2 emissions intensity at country level not available, as Serbia is not part of EU.



# Pillar

Responsibly Together for  
sustainability through  
green buildings

# 2

Status of portfolio certification

COVID-19 Certification

The Safe Asset Group, an independent Swedish company that accredits the safety of shopping centres around the world, is using clear standards to verify properties and certifying shopping centres as compliant with COVID-19 prevention rules.

Obtaining this accreditation certifies that malls are operating in accordance with international health standards and providing customers with a safe and controlled space. At the same time, the COVID-19 compliant certification is a positive sign for stakeholders.

COVID-19 properties certified by Safe Asset Group

Name	Country
Bonarka City Center	Poland
Arena Mall	Hungary
Mega Mall	Romania
Mammut Shopping Centre	Hungary
Paradise Center	Bulgaria
Arena Centar And Retail Park	Croatia
City Park	Romania
Promenada Mall	Romania
Galeria Warmińska	Poland
Serdika Center	Bulgaria
Karolinka Shopping Centre	Poland
Ozas Shopping and Entertainment Centre	Lithuania
Shopping City Sibiu	Romania
Shopping City Timisoara	Romania
Promenada Novi Sad	Serbia
Focus Mall Zielona Góra	Poland
Promenada Sibiu	Romania
Alfa Centrum Białystok	Poland
Forum Ústí nad Labem	Czech Republic
Shopping City Targu Mures	Romania
Solaris Shopping Centre	Poland
Forum Liberec Shopping Centre	Czech Republic
Pogoria Shopping Centre	Poland
Platan Shopping Centre	Poland
Aura Centrum	Poland
Galeria Wołomin	Poland
Shopping City Satu Mare	Romania
Shopping City Targu Jiu	Romania
Kragujevac Plaza	Serbia
Focus Mall Piotrków Trybunalski	Poland
Severin Shopping Center	Romania
Galeria Tomaszów	Poland

BREEAM certification

The Group is constantly striving to improve the quality of its buildings, invest in sustainable constructions both from a structural and operational point of view and increase the number of assessed and certified properties. NEPI Rockcastle uses the Building Research Establishment Environmental Assessment Method (BREEAM) to assess, rate and certify the sustainability of its buildings.

The BREEAM evaluates multiple sectors covering energy and water use, health and wellbeing, pollution, transport, materials, waste, ecology and management processes.

The certification status of NEPI Rockcastle properties as at 31 December 2020 is set out below. The certification process was impacted (progressed more slowly) by the COVID-19 pandemic and travel restrictions.

As at 31 December 2020, 71% of the eligible portfolio by GLA is BREEAM certified, obtaining Very Good and Excellent scores. Out of the BREEAM uncertified portfolio, 25% of the properties are under registration proceedings. The Group is not pursuing BREEAM certification for 4% of its portfolio, consisting of small strip centres/retail parks and two industrial properties.

Property	Country	Property Type	Status	Scoring obtained/targeted
Bonarka City Center	Poland	Retail	Certified	excellent
Arena Mall	Hungary	Retail	Certified	very good
Mega Mall	Romania	Retail	Recertification in progress	excellent
Mammut Shopping Centre	Hungary	Retail	Certification in progress	very good
Paradise Center	Bulgaria	Retail	Certification in progress	excellent
Arena Centar	Croatia	Retail	Certified	very good
City Park	Romania	Retail	Certified	excellent
Promenada Mall	Romania	Retail	Certified	excellent
Aupark Kosice Mall	Slovakia	Retail	Certified	very good
Galeria Warmińska	Poland	Retail	Certified	excellent
Serdika Center	Bulgaria	Retail	Certification in progress	excellent
Karolinka Shopping Centre (1)*	Poland	Retail	Certified	excellent
Karolinka Shopping Centre (2)*	Poland	Retail	Certification in progress	excellent
Ozas Shopping and Entertainment Centre	Lithuania	Retail	Certified	excellent
Shopping City Sibiu	Romania	Retail	Recertification in progress	excellent
Shopping City Timisoara	Romania	Retail	Recertification in progress	excellent
Galeria Mlyn	Slovakia	Retail	Certified	very good
Aupark Zilina	Slovakia	Retail	Recertification in progress	very good
Promenada Novi Sad	Serbia	Retail	Certification in progress	excellent
Focus Mall Zielona Góra	Poland	Retail	Certification in progress	excellent
Shopping City Galati	Romania	Retail	Certified	excellent
Promenada Sibiu	Romania	Retail	Certification in progress	excellent
Iris Titan Shopping Center	Romania	Retail	Certified	excellent
Alfa Centrum Białystok	Poland	Retail	Certified	excellent
Forum Ústí nad Labem	Czech Republic	Retail	Recertification in progress	very good
Shopping City Deva	Romania	Retail	Certified	very good
Braila Mall	Romania	Retail	Certified	very good
Solaris Shopping Centre	Poland	Retail	Certification in progress	excellent
Forum Liberec Shopping Centre	Czech Republic	Retail	Certification in progress	excellent
Pogoria Shopping Centre	Poland	Retail	Certified	excellent
Platan Shopping Centre	Poland	Retail	Certified	excellent
Vulcan Value Centre	Romania	Retail	Certified	excellent
Aura Centrum	Poland	Retail	Certification in progress	excellent
Galeria Wołomin (1)*	Poland	Retail	Certified	very good
Galeria Wołomin (2)*	Poland	Retail	Certification in progress	excellent
Shopping City Buzau	Romania	Retail	Recertification in progress	excellent
Shopping City Satu Mare	Romania	Retail	Certified	excellent
Shopping City Piatra Neamt	Romania	Retail	Certified	excellent
Shopping City Targu Jiu	Romania	Retail	Certified	excellent
Shopping City Ramnicu Valcea	Romania	Retail	Certified	excellent
Kragujevac Plaza	Serbia	Retail	Certification in progress	excellent
Focus Mall Piotrków Trybunalski	Poland	Retail	Certified	excellent
Aupark Shopping Center Piestany	Slovakia	Retail	Certified	very good
Korzo Shopping Centrum	Slovakia	Retail	Recertification in progress	very good
Severin Shopping Center	Romania	Retail	Certified	very good
Galeria Tomaszów	Poland	Retail	Certified	excellent
Pitesti Retail Park	Romania	Retail	Certified	excellent
Serdika Office	Bulgaria	Office	Certification in progress	excellent
Aupark Kosice Tower	Slovakia	Office	Recertification in progress	very good

\*Karolinka Shopping Centre and Galeria Wołomin consists of two buildings with different stages of BREEAM certifications.

Assessments

The Group started to assess the impact of its activities on the environment and the associated risks through ecology reports. These reports will also support with

outlining the Biodiversity Strategy (to be developed by 2025). The properties that have achieved and implemented the recommendations provided in the ecological reports

(prepared as part of the BREEAM certification assessment process) are set out below:

Name	Country	Type	Ecology and Habitat Report	Legionella Report
Bonarka City Center	Poland	Retail	Customised Report	Customised Report
Arena Mall	Hungary	Retail		Customised Report
Mega Mall	Romania	Retail	Customised Report	Customised Report
Mammut Shopping Centre	Hungary	Retail	Customised Report	Customised Report
City Park	Romania	Retail	Customised Report	Customised Report
Promenada Mall	Romania	Retail	Customised Report	Customised Report
Karolinka Shopping Centre	Poland	Retail	Customised Report	
Ozas Shopping and Entertainment Centre	Lithuania	Retail	Customised Report	Customised Report
Shopping City Sibiu	Romania	Retail	Customised Report	Customised Report
Shopping City Timisoara	Romania	Retail	Customised Report	Customised Report
Shopping City Galati	Romania	Retail	Customised Report	Customised Report
Promenada Sibiu	Romania	Retail	Customised Report	Customised Report
Iris Titan Shopping Center	Romania	Retail	Customised Report	Customised Report
Alfa Centrum Białystok	Poland	Retail		Customised Report
Shopping City Deva	Romania	Retail	Customised Report	Customised Report
Shopping City Targu Mures	Romania	Retail	Customised Report	Customised Report
Braila Mall	Romania	Retail	Customised Report	Customised Report
Pogoria Shopping Centre	Poland	Retail	Customised Report	Customised Report
Platan Shopping Centre	Poland	Retail		Customised Report
Vulcan Value Centre	Romania	Retail	Customised Report	Customised Report
Shopping City Satu Mare	Romania	Retail	Customised Report	Customised Report
Shopping City Piatra Neamt	Romania	Retail	Customised Report	Customised Report
Shopping City Targu Jiu	Romania	Retail	Customised Report	Customised Report
Shopping City Ramnicu Valcea	Romania	Retail	Customised Report	Customised Report
Focus Mall Piotrków Trybunalski	Poland	Retail		Customised Report
Severin Shopping Center	Romania	Retail	Customised Report	Customised Report
Galeria Tomaszów	Poland	Retail	Customised Report	Customised Report
Pitesti Retail Park	Romania	Retail	Customised Report	Customised Report



The Group ensures the consistent compliance of operational procedures with applicable legislation, and continuous monitoring of landscape change, habitat and property ecosystems requirements.

Environmental due diligence procedures performed upon property acquisition are fully integrated and implemented at Group level. In addition, the BREEAM certification process led to the implementation of ecological studies and habitat status reports

across the Group’s portfolio. Thus, the Group has environmental assessment processes in place on its entire portfolio, either through due diligence exercises or ecological studies and habitat status reports.



# Pillar

Responsibly Together for  
Community & Education

# 3

Local Communities

As a premier developer, owner and operator of commercial real estate in the Central and Eastern Europe, the Group makes every effort for a sustainable growth, maturing together with the local communities and their inhabitants.. To support and continue implementing a wide range of environmental, cultural, educational, and humanitarian initiatives, NEPI Rockcastle has developed the **#ResponsiblyTogether** platform, which comprises the Group's social responsibility projects from all nine countries it operates in.

**#ResponsiblyTogether** represents NEPI Rockcastle's commitment to support communities development, be close to customers and bring together initiatives dedicated to three major sustainability directions: **education, community and environment protection.**

**#ResponsiblyTogether** is centred around the confidence, integrity of the business and the people contributing to it. The platform has the purpose to engage community by creating shopping venues meeting the needs of the people in the catchment areas through:

- creating sustainable initiatives to minimise the carbon footprint;
- supporting educational projects; and
- investing in the culture of the urban living.

Despite the unexpected COVID-19 challenges, the Group adapted its approach to the new context and continued previous years' work, with a clear vision to empower people and enrich communities for the world of the future.



the community as a whole. The Group believes that it should also be a practice in everyday life of companies and people to bring their contribution. In this respect, environment responsible actions have been implemented across all countries. Moreover, the Group continuously engages with the tenants and business partners to encourage them to join in this initiative, build awareness and boost support. Synergies and good outcomes of the numerous campaigns, initiatives and actions implemented over the last years give NEPI Rockcastle the chance to build working environmental networks, engage multiple stakeholders, and contribute to addressing environmental and climate challenges.

**C. Educating communities -** The Group places education at the heart of a healthy, developed and modern society. Knowledge is a powerful tool for a sustainable future and thus, the Group invests in educational programmes for children and parents. The topics are aligned with the local communities, instilling or enhancing relevant information from present fields of interest: science, medical care, road safety, bullying and parenting. This approach supports young generations grow into ethical, responsible professionals, who will later become part of the business environment in which the Company itself operates. The educational needs are researched and set-in place with the help of local private and institutional partners, with an important role attributed to non-governmental organisations ('NGO') such as the Red Cross, UNICEF, United Way, Save the Children and many more.

In 2020, the Group's efforts focused on providing means of education for vulnerable community members, through support and financing for NGOs.

Strategic initiatives	Objective /Commitment	KPIs	Term
	Deploy a re-charging infrastructure for electric vehicles in 100% of the parking lots managed by the Group	% parking lots with infrastructure for electric recharge	2022
Community engagement	Develop smart partnerships with the Group's stakeholders	Community relevant partnerships	permanent
	Create relevant community events and corporate social responsibility ('CSR') campaigns	Centres which have organised at least one annual CSR-relevant event  Time, budget and area in the Group's properties dedicated to CSR campaigns	permanent

Priorities of the Community Engagement strategy:

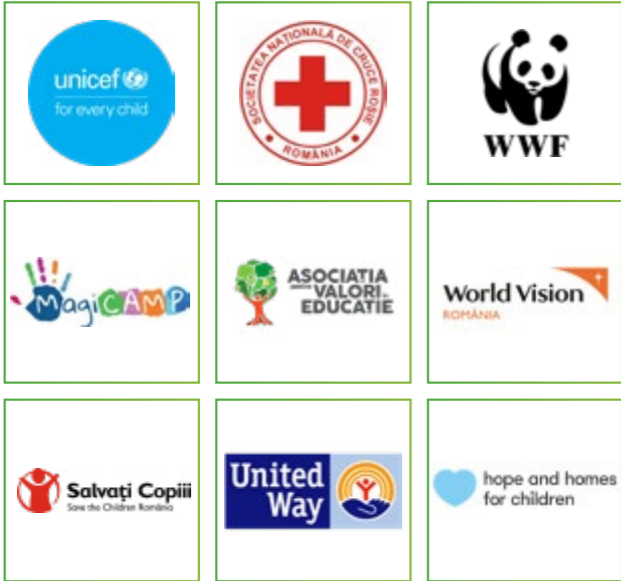
The Group focused on three main pillars that are contributing to a more healthy and responsible ecosystems, thus improving people's lives and lifestyles:

**A. Social and Health** - Despite the unprecedented impact of COVID-19, NEPI Rockcastle continues to strategically invest in scalable social and health education projects across its network. The Group strongly believes that a community represents a responsible and engaged part of the society and should be well informed, connected with its relevant bodies, with strong inner networks. At the heart of its communities, the Group is actively supporting their growth and development by bringing together players, authorities, and people and facilitating sustainable engagement.

The beginning of 2020 steered the Group's sustainable initiatives towards COVID-19 health and safety issues. The programmes implemented across the shopping venues aimed to ensure a safe environment for customers, employees, and partners. By 31 December 2020, 74% (by GLA) of the centres have obtained the Safe Shopping Centre Certificate, an international confirmation that they meet the highest standards of health and safety in relation to COVID-19, enabling customers to shop safely, and the first such accreditations received by any mall operator in Bulgaria, Croatia, Poland, Romania, Lithuania and Serbia.

**B. Environment** - Climate change and environment protection are not just global priorities but also local and community issues. Tackling environmental matters starts at individual level and

Key non-profit partners in 2020



Community projects in 2020 - key facts



**Mega Mall** (Bucharest, Romania) carried out a campaign to raise awareness for children with Batten illness.

**Bonarka City Center** (Krakow, Poland) provided support, protective accessories, and packages with healthy food to four hospitals in Krakow; it also developed the “G-Healthy Girl” educational campaign, aimed at promoting knowledge of women’s health.

**City Park** (Constanta, Romania) became the second mall in the Group’s portfolio, easily accessible to customers with disabilities, by implementing the STEP-HEAR system. STEP-HEAR system was first launched in **Mega Mall** (Bucharest, Romania). The STEP-HEAR

orientation system is a technological innovation for audio guidance available for the customers with impaired eyesight, making venues easily accessible for blind people. Moreover, **City Park** (Constanta, Romania) responded to the initiative of the Marta Maria Foundation and launched the first restroom with a changing bed for people with complex disabilities (‘Changing Places’ room). **Arena Centar** (Zagreb, Croatia), also developed initiatives for disabled and visually impaired people.

Donations and fundraising campaigns continued to take place in all nine countries where the Group operates.

**Paradise Center** (Sofia, Bulgaria), directed €40,000 towards the

association of children with onco-haematological diseases, contributing to the completion of a special rehabilitation centre for kids with onco-haematological diseases near Sofia.

**Serdika Center** (Sofia, Bulgaria), through its “Caps for the Future” campaign, raised money for 14 incubators to be purchased and donated to hospitals in small towns.

**In Poland**, the nationwide charity entertainment and media event, the Final of the Great Orchestra of Christmas Charity, hosted, and supported by all our commercial centres, directed funds for the purchase of medical equipment.

The need for blood in hospitals continues to be critical, and thus,

SOCIAL AND HEALTH

Group-wide, national and local support projects related to COVID-19

Group-wide projects

All the properties in the Group’s portfolio were involved in providing masks and disinfectants in several phases of the pandemic, in partnership with local authorities.

The Group contributed to the fight against the spread of COVID-19 by providing support to the Red Cross and Red Crescent Movement in CEE.

National and local projects

**Romania** - over 90% of the malls implemented programmes helping local communities cope with the pandemic, for instance: doneaza.nepirockcastle.com facilitated donations to the Romanian Red Cross and was promoted on all Romanian shopping centres’ websites. Sanitary containers were provided for the country’s first private COVID-19 hospital set-up by Auchan and Leroy Merlin, and more than ten shopping centres ran community campaigns rewarding

front-line medical workers with vouchers.

**Serbia** - a platform was implemented in shopping centres raising money for the Red Cross of Vojvodina.

**Bulgaria** - NEPI Rockcastle supported the United Against COVID-19 fund.

**Poland** - the initiative #MallsOpenForHelp provided personal protection equipment, including masks, face shields and disinfectant to medical units.

Non-COVID-19 health-supporting projects

While most of the efforts and initiatives in 2020 focused on the COVID-19 pandemic, the Group maintained its long-term commitment to address a wide range of community health needs. Thus, the Group supported and promoted health and social partnerships with local and global social stakeholders, aiming to reduce the effects of health issues and social inequality.

On Rare Diseases Awareness Day,





blood donation campaigns remain a critical part of NEPI Rockcastle's socially aware policies. Such initiatives continued in 2020 across our portfolio, with the most representative blood donation campaigns in **Romania (City Park), Poland (Galeria Tomaszow, Galeria Wołomin and Pogoria Shopping Centre) and Hungary (Mammut Shopping Centre).**

The Group is also involved in promoting community sports programmes, healthy lifestyle and physical prowess for a healthy life.

One of the most important community sports programme was the Classical Power Triathlon Championship, co-organised by **Ozas Shopping and Entertainment Centre** (Vilnius, Lithuania) to promote and encourage physical activity.

Similarly, **Serdika Center** (Sofia, Bulgaria), in partnership with Street Fitness Federation, hosted a stage of the Bulgarian Street Fitness Championship, in partnership with the three-times Olympic champion, Yordan Yovchev. This partnership, together with associated fundraising campaigns, led to the setup of a street fitness zone in Sofia in November 2020, which enables the community to engage in affordable sports.

#### UNICEF partnership: World Children's Day awareness

Promoting children's rights is of utmost importance, particularly during these unprecedented times, such as the COVID-19 pandemic. In 2020, all NEPI Rockcastle shopping centres in Romania joined UNICEF's initiative to raise awareness of children's rights during World Children's Day. The campaign messages have been displayed on digital totems and in social media. Moreover, during World Children's Day, the radio messages promoting safety measures against COVID-19 infection, were broadcast by children in all shopping centres across Romania.

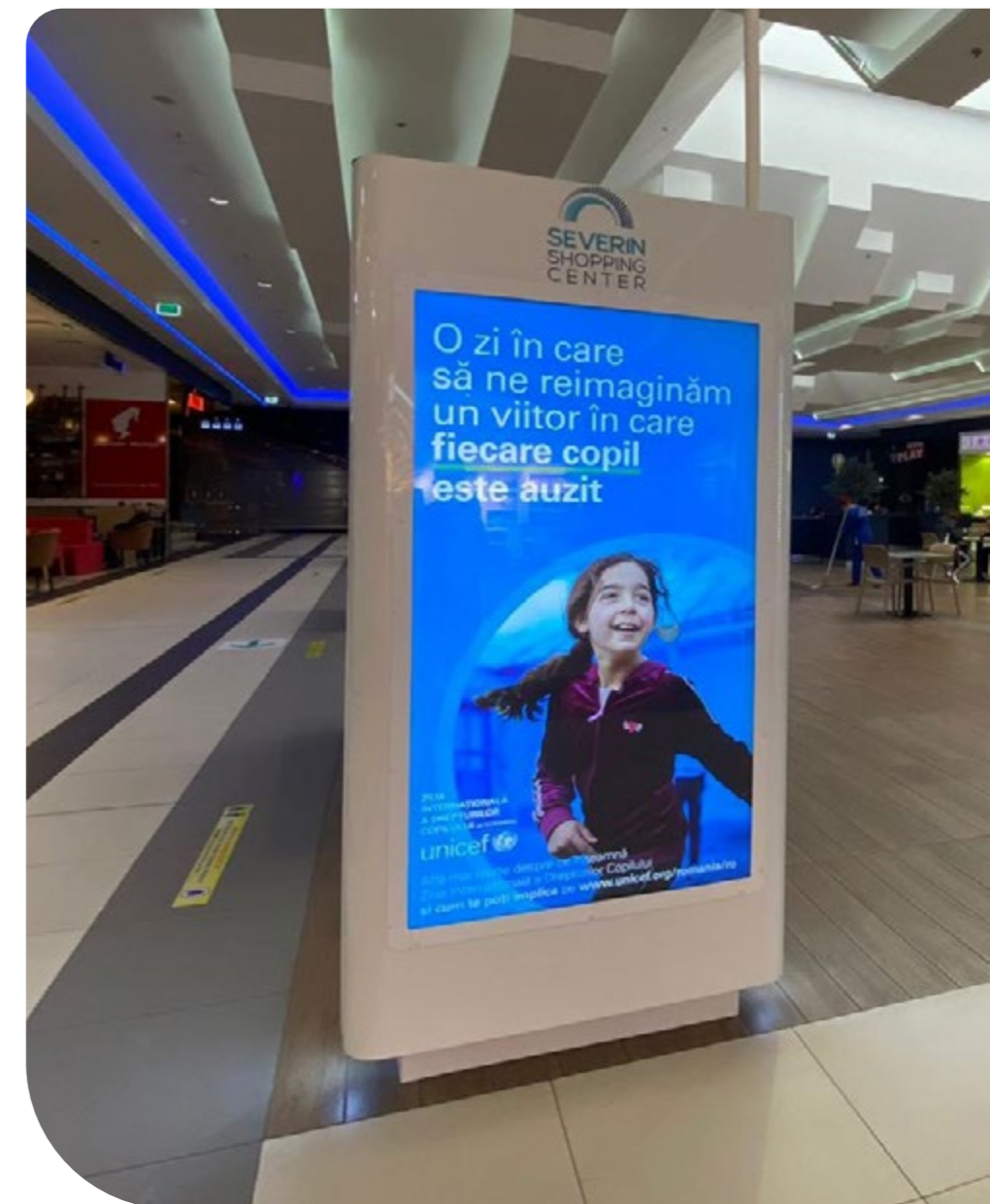


#### PROJECTS IN AID OF SOCIAL CAUSES: Support for less privileged people

**Promenada Novi Sad** (Novi Sad, Serbia) and **Kragujevac Plaza** (Kragujevac, Serbia) continued the "Empty Shop campaign", one of the Group's most valuable and high-performing initiatives, collecting 5.1 tonnes of donated second-hand clothes and distributing them to people in need.

**Arena Centar** (Zagreb, Croatia), deployed "I shop, and I donate" campaign, on behalf of the "Ljubav na djelu" association, which provides financial assistance for children and parents in need.

Since the beginning of the pandemic, supporting local businesses also became a priority for communities. **Serdika Center**



(Sofia, Bulgaria), opened the conceptual pop-up store Pazar helping to build brand awareness and consolidate the businesses of several small Bulgarian brands, with no brick-and-mortar stores.

As the pandemic severely impacted the cultural and art venues, our commercial centres provided their support by hosting various events: ballet school performances and

concerts for the local philharmonics at **Shopping City Timisoara** (Timisoara, Romania), **Shopping City Satu Mare** (Satu Mare, Romania) and **Ploiesti Shopping City** (Ploiesti, Romania), concerts and art performances on **Shopping City Sibiu's** terrace (Sibiu, Romania), and **Shopping City Targu Mures** (Targu Mures, Romania) financed the painting of an urban mural in the city centre.

## ENVIRONMENT

### “THE NATURE OF THANK YOU”

Under the **#ResponsiblyTogether** platform, NEPI Rockcastle has developed a Group wide recycling campaign, called **“The Nature of THANK YOU”**. It embraces a new waste management approach and selective recycling through personalised branding materials in shopping centres.

In the first stage of the project, selective collection containers by type of waste were placed in the shopping centres: paper and cardboard, plastic and metal, and household waste. **Mega Mall** (Bucharest, Romania) implemented the BigBelly technology, a smart recycling solution that communicates data in real time to allow the efficiency of selective collection. By adhering to the selective collection process, customers of NEPI Rockcastle malls may contribute to reducing energy consumption, pollution and the amount of waste to landfill, maintaining a cleaner environment.

Based on the **4R rule: Reuse, Reduce, Recycle, Repeat!**, the initiative is an example of a circular economy and an effective way to protect the environment by reducing plastic in the food court area, and to selectively collect food waste.

### STRATEGIC ENVIRONMENT ACTIONS

#### Collection, recycling and upcycling

Communities started to grasp and understand the long-term benefits of a functional circular economy and integrating creativity and art into environmental initiatives proved to be a successful tool for groups of all ages. In 2020, Romanian **Promenada Mall** and **Mega Mall** hosted the **“Can Art & Design Festival”** competition, which brought to the attention of communities the importance of aluminium cans as a recyclable material.

#### Less-plastic awareness campaigns

Following on the significant impact of the plastic food packaging, the

Group partnered with World Wildlife Fund (‘WWF’) for the second year to further develop the initiative **“Don’t Be Plastic”**, launched in 2019 in Poland. In 2020, our shopping centres in Poland, Hungary, the Czech Republic and Lithuania, further nurtured and spread awareness on the responsible use of plastic and its long-term damaging impact. Increasing customer awareness of the harmfulness of plastics and driving positive changes in tenants, for instance, introducing alternatives to plastic for restaurants and takeaways and special discounts for customers not using plastic straws and cups, the “Don’t be plastic” campaign was nominated for a prestigious PRCH Retail Award.

Moreover, in Poland, several centres promoted **“A Day without foil packaging”**, and in Slovakia, **Galeria Mlyny** (Nitra, Slovakia) and **Aupark Zilina** (Zilina, Slovakia) showed their customers the way towards environmentally neutral shopping behaviour through a purchase-motivated campaign with an eco-gift, i.e., an eco-bag that incorporated a reusable bottle.

#### Nature preservation

Key environmental and nature preservation partnerships were established by the Romanian and Bulgarian shopping centres in 2020. **Serdika Center** (Sofia, Bulgaria) contributed to *gorata.bg*’s campaign to plant 18,000 saplings, reaching the foundation’s goal of planting 1 million trees, while **City Park** (Constanta, Romania) and its partner, *Constanta Restart* NGO, managed to restore a 54 new trees plantation in the park of Ovidius University during the 2020 fall season.

Clean and healthy waters are among our top environmental and nature preservation initiatives implemented in 2020. **City Park** (Constanta, Romania) together with Zoom Beach and *Constanța Restart* NGO initiated the **“What do you want to feel on the beach”** campaign, collecting approximately 9,500 cigarette butts from the beach, during the summer season. The cigarette butts were



transformed into unique works of art envisaged to raise concern over irresponsible behaviour at the beach.

**Serdika Center** (Sofia, Bulgaria) supported the WWF in addressing the issue of illegal fishing and its devastating consequences, through a dedicated awareness and educational campaign.

**Serdika Center** (Sofia, Bulgaria), one of the most active supporters of the environmental and nature preservation initiatives in Bulgaria, organised the **“Change. Installation Air”** campaign. Serdika Center partnered with *Air.BG Foundation*, the largest non-governmental organisation and platform reporting measurements of air pollution in Sofia. Four air-quality measuring stations were installed in the shopping mall and the measurements, registered during three consecutive weeks, proved that the air inside the mall was cleaner than outside.

Environmental and nature preservation was also the focus of the **“Save the Bees”** campaign, aimed at raising awareness on the role of bees in the ecosystems. The campaign was launched in 2019 and continued in 2020 with the involvement of three shopping centres in Poland (**Galeria Tomaszów**, **Galeria Wołomin** and **Focus Mall Piotrków Trybunalski**). The apiaries, built in 2019, next to the shopping centres with the purpose of educating local communities about the importance of protecting bees, provided the first honey harvest in 2020. Around 70 litres of honey were produced and distributed to customers and other stakeholders. Ten apiaries were added to those built in 2019 and a flower meadow was created around the shopping mall, providing the best environment for bees.

Renewable energy plays a key role in reaching circular economy status and so the **“Spark and El Drive”** scheme was developed as part of the sustainability programme of **Paradise Center in Bulgaria**. This will stimulate the use of renewable energy sources as 10 fast charging electrical stations for electric cars will be built in the mall’s parking lot.

## EDUCATION

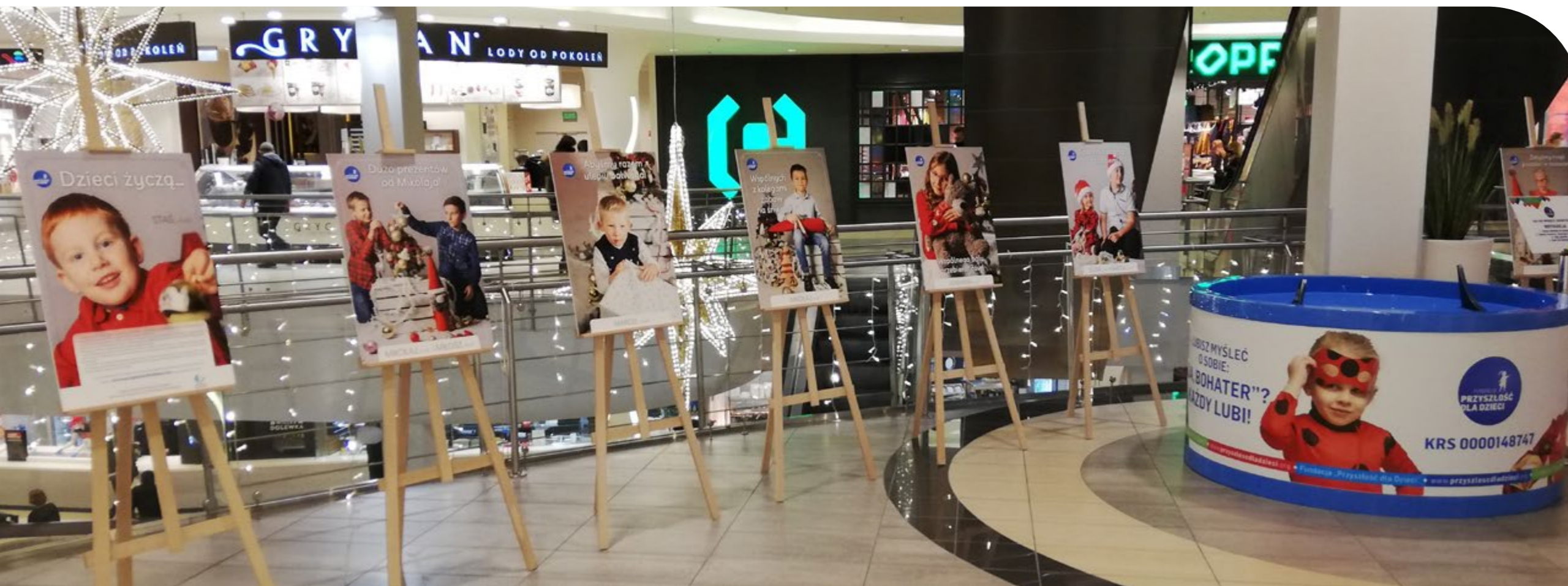
NEPI Rockcastle believes that education is one of the most powerful and efficient instruments that can shape and build the future of communities. In line with the local communities' needs for educational development, we provide annual events, seminars and campaigns on various topics: health, science, parenting, technology, road safety, safeguarding and respecting traditions, enticing children and youngsters to participate, learn and explore.

Although the COVID-19 pandemic drastically affected mobility and social interactions, commercial centres in our network succeeded in continuing their mission to be community hubs for parents and children, providing them with access to educational activities along with a safe shopping experience.

Support initiatives for the educational system are a strong focus across all nine countries where the Group operates, ranging from assistance with materials or finances for schools, teachers and children in less privileged areas, to programmes for gifted children, as follows:

- **Shopping City Satu Mare** (Satu Mare, Romania) managed to keep its family-oriented programmes in 2020, with workshops for kids, robotics demos, chess competitions and introductions and demonstrations of scouts' life;
- **Shopping City Piatra Neamt** (Piatra Neamt, Romania) managed to collect and donate 1,600 books for schools and libraries located in rural areas;
- **Arena Centar** (Zagreb, Croatia) donated over 100 computers and tablets, numerous educational and sports equipment and over 500 books for children;
- **Forum Liberec Shopping Centre** (Liberec, Czech Republic) supported local high schools to promote their pupils' crafts;
- in cooperation with **MagiCamp Romania** NGO, the Group donated 40 computers and laptops (previously used by NEPI Rockcastle's employees) to support children from vulnerable communities participate in online classes;
- **Serdika Center** (Sofia, Bulgaria) partnered with Teach for Bulgaria, and, through donations, they succeeded in covering the annual scholarships for 121 teachers and conducting online seminars and trainings for teachers' professional qualification. For the second year, **Serdika Center** made donation towards "Teo's Foundation", for their "Support for gifted children" campaign - funds raised to build the first

- school dedicated to children with exceptional skills in mathematics and physics;
- environmental education and support of the educational system were also the focus of "Stories to Recycle", a special project implemented by **Ploiesti Shopping City** (Ploiesti, Romania) to encourage and support reading. In exchange for used books, the shopping centre offered discounts new books. The campaign also included donations of online school equipment for students in rural area;
- the Group supported the Bookland Association in Romania with donations for the renovation and equipment of 14 schools in rural areas and vulnerable communities; and
- in Slovakia and Czech Republic, our shopping centres continued to deploy awareness campaigns on First Aid and Road Safety.



## Assessments

Consumers satisfaction surveys represent a significant tool for understanding issues and for the development of our relationship with local communities. All our shopping centres (100%) have a designated info desk representative, dealing with customers' inquiries, their request for information and their formal notices or complaints. The feedback received is promptly acted upon.

In the future, the Group intends to conduct social and environmental impact studies that focus on the results created and the value generated for society by various sustainability initiatives. Social Return on Investment ('SROI') represents a framework for measuring and accounting the effect of sustainability initiatives in a relevant way to people and organisations.



# Pillar 4

Responsibly Together for people  
and business integrity

NEPI Rockcastle maintains the highest ethical standards and complies with applicable laws and regulations in all jurisdictions. The Group's continued success depends on employing the most qualified people and establishing a working environment free from discrimination, harassment, intimidation or coercion based on race, religion, gender, age, nationality or disability.

The Group is committed to ensuring ethical behaviour throughout its business practices, in relation to all

internal and external stakeholders. NEPI Rockcastle's ethical standards are based on trust, sound morality, confidentiality, reliability and sustainability. The Group reinforces and reminds its employees on at least an annual basis of the core values which are embedded in all its internal and external processes, **Integrity, Excellence, Teamwork and Communication, Innovation and Learning**. As the Group places paramount importance on ethical behaviour, a specific 360 feedback component, aligned with its values, is embedded in the performance

evaluation process for all employees on an annual basis. The core values are constantly reiterated and communicated by the Group's Executive Directors, translated into practice based on 'tone from the top' principle and embedded in the various trainings and workshops throughout the year.

The Group's sustainability strategy is at the core of its business approach and it recognises good progress in relation to Pillar 4, People and business integrity.

Strategic initiatives	Objective /Commitment	KPIs	Term	
			Medium	Long
People and business integrity	Ensure compliance with regulations, policies and procedures	<ul style="list-style-type: none"><li>Timely monitoring, reporting and remediation</li><li>Consequence management</li></ul>	Permanent	
	Collaborate with responsible and sustainable partners (clients and suppliers)	<ul style="list-style-type: none"><li>Supplier risk assessment performed for any new supplier and revised periodically</li><li>Know Your Customer due diligence performed for new customers and revised periodically</li></ul>	Permanent	
	Ethical relationship with authorities and government representatives	<ul style="list-style-type: none"><li>Reports through whistleblowing channel, if any, timely addressed</li><li>No financial support to any political party/political exposed person</li><li>No gifts/benefits/other form of payment to public officials/ political exposed persons</li></ul>	Permanent	

During 2020, the Group implemented or further developed the following tools, as part of its commitment to the highest ethical standards:

- review and update of Code of Ethical Conduct and Whistleblowing Policy;
- design and implementation of Compliance Policy;
- design and implementation of Declaration of Interests Policy;
- awareness campaigns (internal and external);
- publication of Compliance Statement; and

- anti money-laundering, counter-terrorism and anti-corruption clauses in standard contract templates.

The Group implemented a comprehensive Code of Ethical Conduct (the Code). The Code is reviewed at least annually by management, or whenever necessary. In 2020, the Code was revised and aligned with best practices, under the direct coordination of the Executive Directors, reviewed by the Audit Committee and approved by the Board. The Code is made

available to all employees on the Company's unified engagement and communication platform, and it demonstrates the Company's commitment to strong values, ethical principles and human rights. It applies seamlessly to Directors, officers and employees, permanent or temporary and consultants and contractors in every country and entity that is consolidated in the Group's financial statements or otherwise controlled by the Group.

A Group-wide awareness campaign was launched in 2020, in order to



remind the Group's personnel of the values and ethical principles and further enhance a strong ethical culture. The campaign included the approval by the Directors, employees and key partners, in order to confirm that the Code has been read and understood.

The Code defines expected principles and behaviour in the following key areas:

- equal employment and non-discrimination;
- environmental compliance;
- health, safety and labour conditions;
- prohibition of any type of harassment;
- narcotics and alcohol;
- conflicts of interest;
- gifts, entertainment and corruption practices;
- lobbying and political involvement;
- fraud;
- antitrust & competition;
- communications, records, claims,

- statements and certifications;
- confidentiality principles;
- preserving privacy; and
- sponsorships and donations.

The Code addresses in detail the conflict of interest topic and management conducted annual campaigns in order to raise personnel's awareness of the risks deriving from conflict of interest and reporting requirements. According to the Code, a conflict of interest arises whenever one's position or responsibilities present an opportunity for personal benefit, inconsistent with the Group's best interests. Individuals are responsible for their own ethical behaviour and are expected to act in the best interest of the Company. When they consider that a conflict of interest (potential or actual) may exist, the Risk and Compliance Officer is to be notified immediately. The Risk and Compliance Officer offers advice on how the conflict of interest can be avoided, addressed or mitigated, as the case may be.

Undisclosed, materialised conflict of interest may trigger consequences for employees, and all management processes and disciplinary measures are considered by the Disciplinary Committee. A Group-wide campaign for collecting and advising on how to mitigate potential conflict of interest was rolled-out in 2020 to cover all Directors, employees and key contractors (external project managers covering Group's development projects and outsourced property managers responsible for managing properties in the Group's portfolio), as a continuation of the efforts started in 2019.

To complement the Code of Ethical Conduct provisions on the conflict of interest with a holistic view, the Group implemented the Declaration of Interests Policy. Such policy covers, besides the conflict of interest arising from a business situation, also the declaration of various interests the Directors of the Company hold. The policy was implemented in order to foster a

transparent flow of information and provide a comprehensive overview of all interests held by Directors, either directly or indirectly, regardless of their nature. According to the policy, Directors will disclose all financial, economic and other interests, such as:

- direct or indirect participations in the Group;
- direct or indirect participations in companies that own more than 8% in the Group;
- any interest held in a fund or collective investment scheme where that person has direct control over the investment decisions of that fund or investment;
- participations in companies acting in the same line of business or industry; and
- any other direct/indirect material interest related to the Group's business and operations.

Positions held in other companies, including directorship engagements are also reported and analysed by the Board.

Besides conflict of interest, the Code of Ethical Conduct has strong and clear provisions regulating the following:

- bribery and corruption: such behaviour is illegal in all jurisdictions and strongly rejected by the Group, whether performed in the name of the business or for the benefit of an employee;
- gifts and events: the Code sets the maximum value of gifts that may be offered or received, as well as conditions for participation in various events organised by tenants or suppliers. Reminders and advice are sent proactively by the Risk and Compliance Officer, at key points during the year, in order to raise awareness and prevent misconduct;

- acceptable behaviour towards public officials, i.e., under no circumstance can any gifts, facilitation payments or money be offered or promised;
- acceptable behaviour in terms of other ethical and compliance requirements ( i.e., health and safety, use of narcotics and alcohol, antitrust policy, creating a non-discrimination and inclusion environment for all employees, etc.). Promoting a non-discrimination environment and the diversity of mindsets and opinions has been on Group's agenda in 2020; workshops have been organised, covering senior and middle management positions, to foster an acceptance and inclusive culture. No discrimination incidents were claimed or investigated in 2020. If such incidents were to occur, based on a zero-tolerance policy for such acts, the Group would immediately take the necessary measures, including consequence management, to deter such behaviour;
- the Group's approach towards lobbying and political involvement; and
- the Groups' standards related to sponsorships and donations.

The Group shall NOT support through sponsorships or donations those entities which, by or through their activities:

- conflict with the Group's values or targets and/or negatively impact the environment, health or safety;
- promote or interfere in any way with specific industries, such as tobacco and alcohol;
- promote directly or indirectly violence or terrorism;
- are involved directly or indirectly, or cooperate with partners who are directly or indirectly involved in money laundering, corruption or other unethical practices; and



- are involved in or support in any way political parties/campaigns/projects. While the Group recognises its role in a society which may include sponsorships and donations as part of its responsible corporate citizenship approach, it will never support any political parties (no payments, donations, sponsorships or any other in-kind benefits may be offered in such context).

The Group never gets involved in political issues or controversies, or targets countries where such situations currently exist, nor does it engage in lobbying for political purposes. The Group and its Directors consider that all employees and representatives are entitled to their own personal political opinions, however they should be cautious when expressing such opinions publicly, so that these are not viewed or interpreted as the opinions of the Group.

For transparency reasons, a Compliance Statement has been published on Group's corporate website, summarising the main principles and rules defined in the Group's Compliance Framework (e.g., commitment to ethics, long-term win-win relationships, zero-tolerance against bribery and corruption, open communication, high standards of confidentiality and privacy preserving).

The Risk and Compliance Officer and the Compliance function provide constant advice and are available for clarifications and recommendations to ensure ethical and lawful behaviour. Any questions regarding for advice, potential risks or uncertainties may be directed through dedicated communication channels which are advertised to all employees on the unified Group engagement and communication internal platform. The Group uses these channels to promote transparency and raise

employees' awareness, as well as provide advice and support when needed. The requests for advice are treated confidentially and answered quickly.

The Group has an open-door policy and supports a "speak-up" culture, thus employees are encouraged to share their concerns, suggestions or complaints with their line manager. In order to promote full transparency, as well as to provide a mechanism to report concerns, NEPI Rockcastle has implemented the Whistleblowing Policy, which describes the reporting channels, while guaranteeing non-retaliation against the whistle-blower and confidentiality. The policy is reviewed and revised periodically, at least annually, and revisions are approved by the Board.

The reporting channels available to both employees and any external party are the following:

- online portal available 24/7 on the Group's corporate website; and
- 24/7 hotline reachable from all countries relevant to the Group, operated independently by a third-party service provider.

Both channels are monitored by an independent third-party service provider and each report is documented and submitted to the Chairman of the Board, Chair of the Audit Committee, Internal Audit Director, CFO and CEO. Issues may be reported separately, and advice may be sought from the Risk and Compliance Officer or the Internal Audit Director.

The Company encourages the potential whistleblowers to disclose their identity by enforcing its non-retaliation policy and guaranteeing confidentiality wherever reasonably possible. Even though disclosing the whistleblower's identity supports the efficiency and effectiveness of the investigation process by allowing the investigation team to obtain clarification, follow up leads and provide information on the status of



the investigation, complaints made anonymously are considered and analysed with the same degree of diligence.

The Whistleblowing Policy and reporting channels are communicated proactively to all employees by the Compliance department on an annual basis and are available also on the Group's website, while employees onboarding process covers also whistleblowing awareness.

During 2020, the Group launched a campaign for communicating and advertising its reporting channels also to its suppliers and tenants, in all jurisdictions, in order to increase effectiveness and reach of its reporting mechanisms. This awareness campaign was dedicated to the Group's active suppliers and tenants, as a sign of trust in the partnership and with the confidence that an ethical culture in the business environment can be preserved based on collaborative relationships. The partners were encouraged to raise

any ethical issues or serious concerns they had in relation to the Group's personnel, during the collaboration, so that inappropriate conduct may be addressed and corrected.

The Group received tip-offs in 2020 from both inside the Company (from current and former employees), as well as from some of its tenants and suppliers in a number of jurisdictions, concerning specific operational matters. The channels used by the whistleblowers were, in their order of use: the online portal, e-mail to the CEO/CFO, information/e-mail to Internal Audit, and e-mail to Compliance. The tip-offs received, including types of alleged misconduct, procedures performed, conclusions and recommendations are categorised, traced and reported periodically to the Audit Committee. Tip-offs were investigated following a plausibility check performed by Internal Audit, while the reports together with conclusions and recommendations were presented and discussed in the Audit

Committee. Where the whistleblowers disclosed their identity, Internal Audit engaged with them, solicited details during the investigation and communicated on the status of the investigation, while carefully preserving privacy and confidentiality principles. Consequence management has been implemented for proven incompliance with the Code of Ethical Conduct.

In relation to its external stakeholders, NEPI Rockcastle strongly believes in collaborating with partners sharing the same values, based on a win-win partnership governed by probity and integrity. The main principles of this relationship are covered in the Code of Ethical Conduct, Anti money-laundering and counterterrorism policy and Sustainable procurement policy, and are all applicable at Group

level. As such, NEPI Rockcastle is committed to extend its principles of responsibility through its value chain, which is crucial to the safety of its employees, tenants and visitors, as well as providing an extraordinary experience in its shopping centres.

The Group has implemented compliance clauses covering anti-money laundering, counter terrorism and anti-corruption in its standard contract templates. Part of the Group's commitment to strong ethics was to emulate its consequence management approach in relation to third parties the Group is doing business with, in the context of non-ethical practices. As a result, based on a transparent and objective process where several functions from the Company may provide input, any supplier or customer with proven

unethical behaviour or with significant adverse media reports, will be excluded from the list of partners that the Group is willing to further engage with. The process is independently coordinated by the Compliance department.

All Group guidelines, policies and procedures are available to its personnel in a shared location and on the Group's unified communication and engagement platform, therefore making sure expectations are known and properly communicated, regardless of borders and geographical spread. When repeated or gross incompliance is detected, a consequence mechanism is in place in order to deter employees' unethical behaviour.



Diversity policy

The Group supports the principles of gender diversity at both Board level and on Group-wide basis. No voluntary target has been set, however, the approach to gender diversity adopted by the Group is that as long as a vacancy on the Board arises, consideration will be given to the appointment on the Board of female Director(s). Consideration criteria such as expertise, knowledge and competence should be fully met and the candidate should be appropriately qualified for the role. NEPI Rockcastle is a diverse group with over 400 professionals in 10 countries, with different backgrounds and cultures. Inspired by the diversity of its own team, in 2020, the Group launched a **Diversity and Inclusion (D&I) Programme** encompassing initiatives set out below:

- supporting and empowering the development of women in leadership positions, by starting a collaboration with the **Professional Women's Network**;
- getting to understand how D&I impacts people's daily life and work through **dedicated workshops for all employees, "Create a diverse and inclusive workplace"**;
- working with **management teams** on how to embed D&I into their work;
- the "Working across diversity" three days training programme was launched in 2020 and will continue in 2021; and
- adhering to the core principles of D&I by **signing the Diversity Charter** in Romania and Poland.

The Diversity Charter is based on a set of general principles promoting multiculturality, aiming at:

- developing a cultural organisation based on respect, trust and recognition;
- supporting diversity as a source of progress and innovation; and
- improving economical performance.

Across the Group, an open and engaging culture is maintained which ensures that the Group is able to attract and retain a skilled and a dedicated team. The Group recognises that a balanced gender

workforce enhances its ability to meet its targets.

At 2020 year-end, a total of 433 employees (including Executive directors) were active, with 64% of them being women and 36% men.

Gender	Definite contract	Indefinite contract	Full time	Part time
F	14	264	278	-
M	2	153	153	2
	433		433	



Top and middle management level is represented by 53% women and 47% men.

Details of gender distribution across the Group is presented below:

Level	Gender	Distribution
Senior management team (functions leads)	F	44%
	M	56%
Middle management and subject matter expert	F	58%
	M	42%
Non-managerial	F	69%
	M	31%

Ratio of basic salary and remuneration of women to men

Another key measure of diversity and equity is the pay ratio by gender and location. The Group monitors the salary ratio of women and men for each category of management and location. However, due to the limited number of employees in some locations and positions, the disclosure of results by each category might lead to compromising confidentiality.

In aggregate, the ratio of women's salaries to men across all categories and geographies varies between 1:1.12 and 1:1.31.

Collective bargaining

Considering the relatively small number of employees spread across nine different geographies in the region in which the Group operates, together with the HR policies around remuneration, retention, development, selection and all provisions of the Code of Ethical Conduct that governs the business, the Group did not consider it relevant to implement a collective bargaining agreement at staff level.

Age diversity

The Group encourages diversity across age ranges, based on the experience, maturity, needs and skillset required to deliver the strategy. Distribution of age at Group level is well balanced:

- 65% of the staff are represented by professionals with 20 years or more of professional experience; and
- 27% of the staff are represented by a younger generation of Millennials, growing and developing their careers, enabling the Group to maintain a strong succession pipeline.

Generation	Age range	Headcount at 31 Dec 2020	Average Age	% of Total Headcount at 31 Dec 2020
Generation Z	up to 24 Y	5	23.4	1%
Millennials	25-34 Y	116	30.7	27%
Generation X	35-49 Y	281	40.0	65%
Baby Boomers	50-65 Y	31	56.0	7%
<b>TOTAL</b>		<b>433</b>	<b>38.5</b>	<b>100%</b>

Benefits provided to employees

To ensure reward and compensation market alignment, the Group accesses market data from reliable providers for benchmark purposes.

The benefits package is applied to all employees across the Group, with no differentiation based on geography or full-time/part-time working schedule, and consists of:

- flexible return-to-work schedule for employees returning from

- maternity and parental leave; one off allowance for parents when a child is born;
- one off allowance for other special events;
- employee well-being initiatives such as: participation in sport events, subsidising gym subscription, employee health insurance and private subscriptions to medical services;
- social gatherings and parties for both employees and their

- children at Christmas; and paid days off on top of annual leave and statutory holidays, to allow people to bridge through longer weekends around Easter, Christmas or New Year's Eve.

Parental leave

A total of 4,753 days were granted in 2020 for parental leave, across all countries.

## Health and Safety

The Group's policy is to create a safe and healthy working environment, with procedures to manage safety and environmental matters that affect employees, customers and other partners (if applicable). All programs/rules/documents/measures are updated and modified in accordance with the applicable legislation. In 2020, in line with the legislation in place, measures and instructions to prevent and combat the effects of the COVID-19 pandemic were prepared and implemented within NEPI Rockcastle.

The procedures in place to improve working conditions and reduce risks of developing occupational diseases are:

- annual occupational medicine checks; and
- assessments of the risk of injury and occupational disease in case of modified risk factors.

During 2020, there were no accidents at work, reported occupational diseases or deaths. Consequently, no days of sick leave or absenteeism have been reported due to accidents at work. Employees training on occupational health and safety is applied across the Group, in line with the local legislation requirements.

### People approach during COVID-19

The pandemic led to significant adjustment to the envisaged 2020 development plans for employees. During COVID-19, the Group's efforts were focused on keeping staff safe, while ensuring business continuity and productivity. In April, when most of the countries were in lockdown, the Group's focus was to connect with teams and ensure access to all required resources.

A Wellbeing Programme was launched, consisting of three pillars: Health, Hobbies, Personal Development.

**Communication** within the Group remained a priority and was ensured through:

- regular communication from CEO (bi-monthly/monthly once the situation settled) updating staff on people's state of health, Working from Home ('WFH')/ Working from Office ('WFO') recommendations;
- flexibility and adapting work planning to the business needs and specificity of each country (related to the progression of COVID-19 cases and national recommendations); and
- de-centralisation of decision on WFH at the level of top management team members (with Human Resources function to agree planning at the level of the respective teams).

**Safety** of the employees under COVID-19 circumstances required extra measures to be implemented in relation to the workspace, work conditions, information and communication, such as:

- promote, facilitate and signal appropriately the hygiene measures;
- regular office disinfections;
- limit physical interaction with visitors, restricted number of people in meeting rooms and social areas (meetings held primarily online, with travel restricted);

- monitor employees for 14 days after returning home from a holiday or business trip;
- closely monitoring of COVID-19 cases and isolation of those in contact/direct contact with suffers; and
- COVID-19 test required as per the local jurisdictions requirements.

The Group ensured good connection with people while working remotely and ensured adequate communication under unprecedented circumstances, by developing and implementing:

- workshops/keeping in touch;
- emotional impact of COVID-19 workshops such as "Emotional Agility", with general coverage;
- managing work during COVID-19/WFH including "Productivity and focus/remote working routines", with general coverage;
- updates with team leaders (regular HR check-ins with specific team leaders, on a need basis); and
- wellbeing programme with 65 workshops delivered along with additional materials and podcasts on physical and mental health.



## People engagement, retention and development

### Engagement and Retention

Engagement and retention of key staff are two interlinked essential elements for the efficiency and continuity of the business. Retention of staff is a challenging mandate for the Group's leadership in the context of a difficult and competitive labour market in CEE, which is facing significant migration of labour force towards Western Europe.

To keep existing staff engaged, NEPI Rockcastle considers that being transparent, creating opportunities for people to understand the Company purpose, strategy and performance, is essential in nurturing people's pride to work for the Group.

Despite the physical limitations in 2020, the Group continued to reinforce management communication to its teams, in both regular meetings, as well as through top management communication, online strategy discussions and business updates. A new communication concept was introduced within the context of

the pandemic – Friday Talks - aimed to ensure closer connection with management. To facilitate the online communication with the staff, the Group implemented a digitalised engagement and communication platform, **SPOT**. Since its launch in August 2020, the platform reached a 95% access rate, with more than 250 messages posted both by business and HR. SPOT brings together the information that used to be spread in different places, from messages from CEO to staff, to strategy and financial updates, news about the Group's portfolio and people related matters. The platform is modern and inviting for staff to access it, enabling them to stay informed and participate in the different internal challenges which are launched.

The Group continues to engage its staff by celebrating important business milestones or traditional holidays through online team social gatherings for staff and for staff's children (Children's Day, Christmas). In addition, the employees are involved in various charity and

environmental protection campaigns, and educational actions with impact on local communities.

In the past year, NEPI Rockcastle managed to attain a rate of almost 100% retention of staff during their first 12 months, a promising rate that the Group will continue to focus on.

During 2020, the need for the business to have constant meetings and adjust priorities was paramount. The Group engaged the staff on key functions in planning and discussions about 2020 tactics, in order to ensure business continuity and success.

### Recruitment and selection

Having the right people in the right place and the appropriate skillset in the Group is a business imperative for leadership as well as a core HR responsibility. Moreover, considering the CEE market is very competitive in terms of workforce, recruitment and selection remain a strategic areas of focus for the business. The Company uses people analytics to make

decisions in relation to the Group's personnel strategy. The data is stored in the HR administrative internal system.

The Group's range of initiatives for managing recruitment continued to be developed during 2020, especially given the unforeseen challenges of the pandemic, from reinforcing the need to source appropriate candidates (focusing on internal and external references, professional channels and agencies) to a more compelling need for testing candidates' competency, personality and commitment, further ensuring that their onboarding is directly coordinated by their respective managers. Moreover, during 2020, the Group reinforced, as part of the recruitment process, an

efficiency approach which requires management to support decision to hire on business case. This allowed the Group to reorganise activities, leverage more and better on internal available resources and support career growth of its existing people.

During 2020, a total number of 65 professionals joined the Group in either new positions or as replacements. Out of these, 64 are still employed in the Group, translating into a retention rate of almost 100% for the first 12 months.

Retention

In managing retention, the Group paid significant attention to supporting employees in finding the appropriate work-life balance and

integrating their professional and personal responsibilities, especially in the new work context imposed by the pandemic. Such efforts lead to more engaged, motivated and committed employees.

Initiatives that were added or adjusted based on the changing legal obligations, business activity or social context:

- flexible return-to-work schedule for employees; and
- safety, health & wellbeing solutions made available to all employees.



New employee hires and employee turnover

Category	New employees						Employee turnover					
	Number			Ratio			Number			Ratio		
Gender	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020
Female	50	32	49	75%	68%	75%	41	53	34	55%	62%	60%
Male	17	15	16	25%	32%	25%	34	32	23	45%	38%	40%
Total	67	47	65	100%	100%	100%	75	85	57	100%	100%	100%
Age												
<30	11	9	15	16%	19%	23%	13	14	10	17%	16%	18%
30-50	55	36	45	82%	77%	69%	57	61	43	76%	72%	75%
>50	1	2	5	1%	4%	8%	5	10	4	7%	12%	7%
Total	67	47	65	100%	100%	100%	75	85	57	100%	100%	100%

Employee turnover

As a measure of the impact of people management and sustainability from a human resources point of view, monitoring staff turnover is very important.

For 2020, the blended voluntary turnover rate across all jurisdictions was 5.9%, while the non-voluntary

rate was 7.1%. The Group had also a 3.4% of leavers as a result of areas of business being outsourced or discontinued (i.e., as a result of the disposal of specific office building and outsourcing of specific services in property management structure). The non-voluntary turnover is related to the Group's performance focused

approach, as strong performance and delivery against the role is essential for building a long-term career within the Company. NEPI Rockcastle encourages management to empower strong performance and not tolerate lack of commitment, excellence in delivery or compromising on values and business integrity.

Management level	Leavers reason	Number of leavers	Average headcount**	% of TOTAL
Top management business function leaders*	Voluntary	-	11*	0.0%
	Non-voluntary	1		0.2%
Middle management and subject matter experts	Voluntary	2	154	0.5%
	Non-voluntary	4		0.9%
	Business discontinued/outsourcing	2		0.5%
		24		5.5%
Non-managerial	Non-voluntary	11	274	2.5%
	Business discontinued/outsourcing	13		3.0%
TOTAL		57	439**	13%

\*Including 3 Executive Directors, CEO, CFO and Executive Director.  
\*\* Average headcount 31 December 2019 - 31 December 2020.

Transition assistance programme

The Group implemented a transition assistance programme (individual career discussion) applicable to all employees in case of involuntary

termination of the employment agreement. The programme main aim is to ensure continued employability in case of termination through:

- individual career discussions with the HR team; and
- support in accessing professional services in this area.

Training and development

Professional learning content

In 2020, NEPI Rockcastle continued to promote and implement consistent development programmes for all staff and management. The professional learning curriculum was adapted to COVID-19 requirements and staff were equipped with the necessary skills to face difficult conversations and tough negotiations, upgrade their digital skills and develop a flexible mindset. The Group organised development programmes for a broad variety of skills covering all business functions, to ensure the necessary competencies to deal with the challenges of the year. Each programme consisted of live online group sessions with articles, podcasts and videos materials as pre- and post-work, to ensure the highest impact.

Upgraded learning methods and sources

Recent research on the learning and development market shows that the traditional learning model is no longer suitable for most employees. Employees spend on average 30 minutes/week learning and their preference is to have the learning embedded in the their work. The need to switch to online trainings led to adapting the type of delivery through gamified exercises and other learning digital tools, while condensing the knowledge into small learning bites.

The Group ensured that its employees get access to relevant external development programmes

on the market by covering the cost of the participation fees to various technical or business conferences. Under the same umbrella of blended learning opportunities, the Group offered staff the chance to access individual and relationship coaching opportunities with internationally certified executive coaches and mentoring opportunities with top leaders from other industries.

Another key source of information on staff development needs is the performance review process, which provides a good picture of where people are performing best and where improvement is needed.

Percentage of employees receiving regular performance and career development reviews during 2020:

	Male		Female	
	Number	Percentage	Number	Percentage
Top management	5	100%	4	100%
Middle management	43	100%	50	100%
Other management positions	24	100%	42	100%
Specialists	83	100%	182	100%
Total	155	100%	278	100%

The performance review process is an opportunity for manager and employee to assess the achievement of business, commercial and strategic objectives during the previous year and discuss areas for future development. For middle

management positions and specific key roles, e.g., subject matter experts, the Group ran a 360 feedback evaluation structured along its values: Teamwork & Communication, Innovation & Learning, Excellence and Integrity – Leadership skills.

The training and development opportunities offered by the Group in 2020 reached 10,420 learning hours at Group level.

Development programme category	Development programme	Competencies developed
Customised programmes soft skills and hard-skills	<ul style="list-style-type: none"><li>Communication skills – “Think on your feet” programme</li><li>Win-win negotiation skills</li><li>Diversity and inclusion programme</li><li>Consumer behaviour</li><li>Consumer trends for the future</li><li>Remote working and productivity</li></ul>	<ul style="list-style-type: none"><li>Communication skills</li><li>Negotiation skills</li><li>Remote working</li><li>Productivity</li><li>Cognitive biases</li><li>Flexibility</li><li>Open-mindedness</li><li>Marketing and consumer trends</li></ul>
Certifications and conferences	<ul style="list-style-type: none"><li>CIPD certification</li><li>Cybersecurity certification</li><li>ACCA certification</li><li>Tickets to professional conferences, relevant for different employee functions (Brand-Minds, Compliance, Governance, Risk, etc.)</li></ul>	<ul style="list-style-type: none"><li>Human Resources management</li><li>Cybersecurity and protection against cyber-attacks</li><li>Financial and tax skills</li><li>Technical competencies depending on the function: budgeting, procurement, risk, business and digital skills, finance and tax</li></ul>
Mentoring and coaching	<ul style="list-style-type: none"><li>Individual coaching programme</li><li>Relationship coaching programme</li><li>Women as future leaders mentoring programme</li></ul>	<ul style="list-style-type: none"><li>Business skills</li><li>Building relationship</li><li>Networking</li><li>Flexibility and adaptability</li><li>Workforce of the future</li></ul>

Staff development facts and figures	
Total number of hours of training attended (cumulative for all hours attended by all staff)	10,420
Total number of training participations (cumulative for all participations)	1,088
Average number of training hours per trained employee	9.6
Total training days/employee	1.2
Overall feedback score	4.7/5

Way forward in staff training and development

NEPI Rockcastle will continue to digitalise HR activity and give access to all employees across the Group to the same opportunities for blended learning, by implementing an e-learning platform. The main purpose of such a platform is to keep the staff well connected to market trends and innovations in the industry in order to bring added

value and reach an excellent level of delivery for the strategy. The focus will be to develop both technical and business competencies through leadership programmes and hard-skills trainings.

To create an environment where talent is identified and staff develop in the flow of work, all efforts will

be on building and promoting a sustainable development culture, streamlining access to training and monitoring return on investment. NEPI Rockcastle believes that development and career growth are important aspects in motivating employees, in giving back to its professionals, as well as in increasing loyalty and commitment.

APPENDIX

EPRA Sustainability Performance Measures

Total Portfolio

Absolute performance (Abs)					Like-for-like performance		
EPRA Code	Units of measure	Indicator	2020	2019	2020	2019	% (2019-2020)
Energy	Elec-Abs	Electricity	427,409	533,813	303,569	393,214	-23%
	DH&C-Abs	District heating and cooling	34,354	47,546	28,663	41,527	-31%
	Fuels-Abs	Fuels (Gas)	87,076	106,277	68,294	81,903	-17%
	Energy-Int	Energy intensity	101.7	129.7			
	No. of applicable properties	Energy and associated GHG disclosure coverage	62 of 62		39 of 39		
Greenhouse gas emissions	GHG-Dir-Abs	Direct	Scope 1	11,121	21,183		
	GHG-Indir-Abs	Indirect	Scope 2	68,292	87,927		
		Indirect	Scope 3	109,249	134,261		
	GHG-Int	GHG emissions intensity	Scope 1, 2, 3 emissions	45	58		

Retail

Absolute performance (Abs)					Like-for-like performance		
EPRA Code	Units of measure	Indicator	2020	2019	2020	2019	% (2019-2020)
Energy	Elec-Abs	Electricity	402,554	497,726	294,897	383,766	-23%
	DH&C-Abs	District heating and cooling	30,646	29,665	24,956	23,646	6%
	Fuels-Abs	Fuels (Gas)	67,604	82,814	51,458	63,741	-19%
	Energy-Int	Energy intensity	103.5	130.9			
	No. of applicable properties	Energy and associated GHG disclosure coverage	54 of 54		35 of 35		
Greenhouse gas emissions	GHG-Dir-Abs	Direct	Scope 1	10,561	20,364		
	GHG-Indir-Abs	Indirect	Scope 2	63,372	81,455		
		Indirect	Scope 3	102,207	124,581		
	GHG-Int	GHG emissions intensity	Scope 1, 2, 3 emissions	45	59		

Office

Absolute performance (Abs)					Like-for-like performance		
EPRA Code	Units of measure	Indicator	2020	2019	2020	2019	% (2019-2020)
Energy	Elec-Abs	Electricity	20,027	30,992	3,844	4,353	-12%
	DH&C-Abs	District heating and cooling	3,708	17,881	3,708	17,881	-79%
	Fuels-Abs	Fuels (Gas)	9,857	14,177	7,221	8,876	-19%
	Energy-Int	Energy intensity	76.0	117.6			
	No. of applicable properties	Energy and associated GHG disclosure coverage	6 of 6		2 of 2		
Greenhouse gas emissions	GHG-Dir-Abs	Direct	Scope 1	476	722		
	GHG-Indir-Abs	Indirect	Scope 2	4,920	6,472		
		Indirect	Scope 3	2,706	5,376		
	GHG-Int	GHG emissions intensity	Scope 1, 2, 3 emissions	31	40		

Industrial

Absolute performance (Abs)					Like-for-like performance		
EPRA Code	Units of measure	Indicator	2020	2019	2020	2019	% (2019-2020)
Energy	Elec-Abs	Electricity	4,828	5,095	4,828	5,095	-5%
	DH&C-Abs	District heating and cooling	n/a	n/a	n/a	n/a	n/a
	Fuels-Abs	Fuels (Gas)	9,615	9,286	9,615	9,286	4%
	Energy-Int	Energy intensity	98.9	104.4			
	No. of applicable properties	Energy and associated GHG disclosure coverage	2 of 2		2 of 2		
Greenhouse gas emissions	GHG-Dir-Abs	Direct	Scope 1	84	97		
	GHG-Indir-Abs	Indirect	Scope 2	-	-		
		Indirect	Scope 3	4,336	4,304		
	GHG-Int	GHG emissions intensity	Scope 1, 2, 3 emissions	91	90		

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