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CORPORATE SOCIAL RESPONSIBILITY

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2.1 Mercialys' CSR strategy

CSR governance

Mercialys has a long-standing commitment of making the integration of environmental, societal and social issues a major differentiating factor and an integral part of its governance and corporate strategy.

The Corporate Social Responsibility (CSR) team at Mercialys is responsible for defining and implementing the Company's CSR strategy. It consists of a CSR Manager and a CSR Officer, supported by specialized consultants on specific issues. This department reports to the Deputy Chief Executive Officer, proof of the integration of CSR issues at the heart of the Company's strategy.

CSR strategy, risks and opportunities are regularly reviewed, validated and assessed by the Company's various governance bodies:

- the Risk Prevention Committee (RPC), in charge of mapping the Company's risks, assesses Mercialys' risks annually (including environmental, societal and social risks);
- the Audit, Risks and Sustainable Development Committee (CARDD), one of the Board of Directors' three specialized committees, approves the CSR strategy and is updated at least once a year on its progress;
- the Management Committee, of which the CSR Manager is a member, shares information on the operational implementation of the CSR strategy and its progress with all the Company's departments.

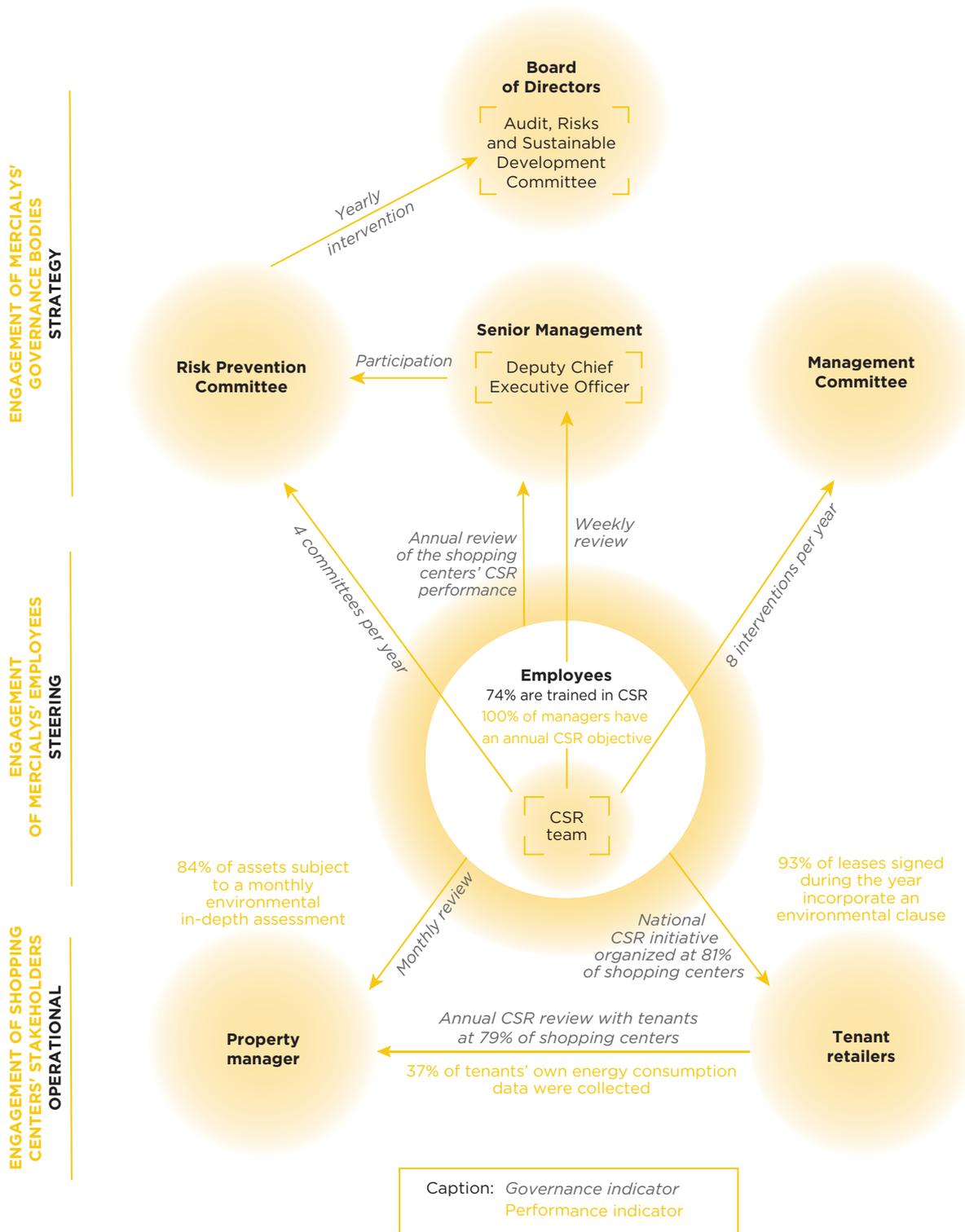
For more details on the roles of the various bodies and their interactions, please refer to chapter 5, § 5.1.1, p. 318 and the diagram shown opposite.

Part of the Company's corporate officers' annual variable compensation is linked to the Company's CSR performance. In 2020, the criterion relates to the GRESB ranking for the Chief Executive Officer and the carbon roadmap for the Deputy Chief Executive Officer. Mercialys also includes a quantitative CSR objective in executives' long-term compensation. For further information, please refer to chapter 4, § 4.2.2, p. 277.

Site managers from various operational teams, supported by the CSR Department, then manage CSR strategy projects. They use a dedicated IT tool to monitor, analyze and manage key CSR performance indicators. It is cross-functional and accessible to all relevant departments (operations, asset management, etc.), as well as to the property manager. In addition, other tools have been developed by department to address Mercialys' CSR expectations accordingly. For example, Shopping center management monitors and analyzes the centers' environmental performance on a monthly basis, asset management checks that the "construction and maintenance specifications" drawn up by Mercialys during projects and works are applied, etc.

All Mercialys employees are involved in the successful implementation of this strategy. 74% of employees were trained in CSR in 2020, and all employees have an individual CSR objective in their annual variable compensation. It counts for 10% of their annual bonus, is job-specific, and is quantifiable for managers and qualitative for other categories of employees.

CSR GOVERNANCE



CSR risks

CSR is part and parcel of Mercialys' risk management process. The RPC is jointly coordinated by the Company's Internal Control Manager and the CSR Manager. The Committee is composed of the Chief Executive Officer, the Deputy Chief Executive Officer and Chief Financial Officer, the Director of Human Resources and the Director of Compliance and Ethics.

This RPC is responsible for:

1. identifying the risks run by Mercialys;
2. identifying and assessing existing procedures;
3. implementing a plan to supplement and optimize risk handling;
4. organizing the oversight and proper application of procedures.

The 51 risks identified by the RPC are divided into 8 categories, one of which dedicated to environmental, social and societal risks. This category includes physical and transition risks related to climate change. All risks are then

assessed annually according to their significance and probability of occurrence. Probability of occurrence assesses the possibility that a risk will materialize at least once, in the short, medium and/or long term. The impact quantifies possible consequences, either in terms of the Company's financial position (change in operating results or Net Asset Value), or obstacles to the ongoing implementation of the Company's strategy or operations, or its reputation (importance given by stakeholders or media impact). CSR risks were reassessed this year in light of the results of the stakeholder consultation.

Each year, the RPC reports on its work to the CARDD and the Management Committee. The table shown on pages 88 and 89 matches the CSR risks and opportunities identified by the RPC with the ten priority issues included in Mercialys' CSR strategy, MERY'21, as well as the main measures taken to prevent and mitigate risks and seize CSR opportunities.

CSR approach

Mercialys formalized its first CSR strategy, MERY'21, in 2015. This ambitious strategy, structured around ten priority stakes and twenty-one objectives, and the CSR performance achieved, have been repeatedly praised by sustainability rating agencies (for more details on the various rankings, please refer to the Integrated report p. 35). In 2020, Mercialys was ranked first in its category by Gaïa Rating, and reached third place overall out of the 230 companies assessed in the same year.

When MERY'21 came to end in late 2020, the Company was able to review the improvement of its CSR performance (see table below) and build on its handling of CSR issues to decide on a second strategic phase for 2020-2030. This was determined based on two main areas of analysis and discussion, not only in order to identify the successes and areas for improvement of the MERY'21 strategy, but also the emerging stakes to work on.

First, Mercialys carried out a comparative analysis of CSR strategies adopted by French and international real estate companies, and more broadly, of recognized players in terms of CSR maturity, to understand the essential issues to take into consideration.

In addition, a broad consultation was conducted by a specialized consulting firm with the Company's stakeholders, including employees, shopping center visitors, tenant retailers, investors and banks, local authorities and non-profit organizations. These stakeholders were asked about the importance of the various CSR issues identified and proposed for a retail real estate company, and the perceived maturity of Mercialys on these issues. Qualitative interviews

supplemented the results of the questionnaire, in order to identify more specific recommendations or expectations of certain stakeholders. This approach led to a review of Mercialys' materiality matrix, which can be consulted on the Company's website: www.mercialys.com.

Based on this matrix, cross-referenced with the CSR risks and opportunities previously identified by the RPC, the 2020-2030 strategy was structured around four key commitments. Topical workshops were then organized by Senior Management, the CSR team and the Human Resources Department, in conjunction with the various departments concerned, to work on each of these commitments in greater detail and in line with operational and real estate realities, and to define related objectives.

The new 2020-2030 CSR strategy will be based on these four commitments:

- to contribute to carbon neutrality;
- to promote more responsible trade;
- to be a true regional development partner;
- to be an involved employer.

This new strategy was presented, along with the results of MERY'21, and was approved by CARDD and the Board of Directors in December 2020. It will be the subject of a specific Company report in the first half of 2021.

A summary of MERY'21 is presented in the table below. This chapter then sets out to detail its strategic projects, its policies and action plans implemented, as well as its results.

CSR RISKS AND REVIEW OF MERY'21

CSR STRATEGY PRIORITY ISSUES	DESCRIPTION OF THE RISK	DESCRIPTION OF THE OPPORTUNITY
 Energy and greenhouse gas emissions	<ul style="list-style-type: none"> Increased shopping center operating costs and supply problems in the event of increasing scarcity of energy resources 	<ul style="list-style-type: none"> Keep tenants' energy consumption-related costs down and make it a commercial advantage Make shopping centers energy self-sufficient as a result of self-produced renewable energies to shield tenants from volatile energy prices
 Asset resilience and adaptability	<ul style="list-style-type: none"> Transition risks related to the transition to a low-carbon society: <ul style="list-style-type: none"> increased investment in response to changing regulations drop in revenue due to changes in customer behavior (growing demand for independent retailers, reduction in mass consumption, increase in digital purchases) difficulties in accessing capital due to increasing investor concerns about climate change Physical risks related to more frequent and severe weather events: <ul style="list-style-type: none"> damage to buildings, financial impacts (increase in insurance premiums, etc.), and disruption of the Company and its tenants' businesses 	<ul style="list-style-type: none"> Own and manage environmentally-certified, energy-efficient and resilient buildings attracts tenants and visitors, and increases asset value Source low-carbon energy and tackle climate change helps attract investors and lowers the Company's interest rate Develop new innovative low-carbon service offerings to generate additional revenue
 Circular economy	<ul style="list-style-type: none"> Increased operating expenses Increased investments in response to changing regulations 	<ul style="list-style-type: none"> Collaborate with its tenants to improve the shopping centers' environmental footprint Reduce tenant expenses and therefore be more attractive to retailers
 Biodiversity	<ul style="list-style-type: none"> Restriction or modification of projects on account of their impact on biodiversity 	<ul style="list-style-type: none"> Increase the well-being of occupants Strengthen the shopping centers' climate resilience (for example during heat waves)
 Accessibility and connectivity	<ul style="list-style-type: none"> Loss of footfall due to difficult access Full parking lots, a source of customer dissatisfaction 	<ul style="list-style-type: none"> Improve the accessibility of its shopping centers Reduce shopping centers' carbon footprint Indirectly participate in the fight against air pollution
 Customer well-being, health and safety	<ul style="list-style-type: none"> Financial impacts (additional investments in video surveillance, for example), in the event of the occurrence of health risks (air pollution, water pollution), security risks (delinquency, attacks) and safety risks (fire, flood) Drop in revenue due to operating losses of affected tenants Damage to the reputation of the shopping centers in question 	<ul style="list-style-type: none"> Ensure customer comfort and satisfaction as a differentiating factor in an increasingly competitive environment, to improve footfall and build visitor loyalty
 Community life and local economic development	<ul style="list-style-type: none"> Loss of business and revenues for its tenants and, as a result, a risk on the Company's rental income, in the event of a downturn in the local economic fabric and shopping center catchment area 	<ul style="list-style-type: none"> Obtain a better quality of service and responsiveness from service providers working in the shopping centers due to their geographical proximity Build on the Company's real estate projects to create local jobs Establish the shopping centers' reputation within their catchment areas and foster community cohesion through the links forged with local non-profit organizations
 Responsible value chain	<ul style="list-style-type: none"> Legal and financial impacts for the Company, as well as damage to its reputation, in the event of the involvement of an employee or executive in a case of corruption, insider trading or money laundering Damage to the Company's reputation in the event of an ethics incident involving one of its suppliers 	<ul style="list-style-type: none"> Widen the positive impact of the Company by collaborating with its stakeholders Develop new forms of dialog and partnerships with stakeholders
 Talents and diversity	<ul style="list-style-type: none"> Difficulties in recruiting employees for strategic positions in case of low level of attractiveness on the jobs market Impact on the Company's performance (lack of innovation, etc.) in the event of a lack of diversity within the Company (age, gender, academic background, etc.) Drop in productivity and high staff turnover if Mercialis is unable to retain its talent Loss of skills and knowledge in the event of high staff turnover 	<ul style="list-style-type: none"> Recruit the best talents through employer brand recognition Develop employees' skills and support their development
 Organization and quality of life at work	<ul style="list-style-type: none"> Drop in productivity and increase in absenteeism and staff turnover due to poor quality of life at work 	<ul style="list-style-type: none"> Offer a safe and high quality working environment, source of its employee buy-in and commitment

(1) SDGs: the Sustainable Development Goals adopted by the UN in 2015 define 17 priorities for development that is socially equitable, environmentally safe, economically prosperous, inclusive and predictable looking ahead to 2030.
 (2) Index calculated according to the methodology provided by French law No. 2018-771 on gender equality in the workplace.
 (3) Arpejeh: non-profit association supporting young students with disabilities.

2020 GOALS	2020 KEY PERFORMANCE INDICATORS	MAIN ACHIEVEMENTS	RESULTS	CONTRIBUTION TO SDGs ⁽⁹⁾
Reduce energy consumption per sq.m. by -20%	-19% reduction in energy consumption per sq.m.	<ul style="list-style-type: none"> Set up remote meters and optimize building management systems Renew equipment with more energy efficiency Manage equipment 		
Align its business with a 2 °C compatible carbon roadmap		<ul style="list-style-type: none"> Achieve an SBTi-certified carbon roadmap Define a coolant replacement strategy 		
Ensure the adaptability of assets		<ul style="list-style-type: none"> Assess the adaptability of assets Measure the flooding risk vulnerability of assets Define and deploy an asset adaptability strategy Carry out adaptation work 		
Enable all the BREEAM In-Use certified assets to progress by one level of certification	89% have progressed by at least one level	<ul style="list-style-type: none"> Increase the percentage of certified assets (77% in 2020 vs. 28% in 2015) Obtain high levels of certification for the "asset management" section 		
Recover 55% of waste	51% of waste recovered	<ul style="list-style-type: none"> Work on the waste facilities and increase the number of flows sorted per center Carry out collaborative waste workshops with the retailers Incorporate CSR criteria into tenders 		
Reduce water consumption by -15%	-26% reduction in water consumption	<ul style="list-style-type: none"> Remove air-cooling towers Set up rainwater recovery tanks Replace equipment with water-efficient systems 		
Engage in protecting ordinary biodiversity	+45 pts increase in the BREEAM In-Use Land Use and Ecology score	<ul style="list-style-type: none"> Carry out ecological audits Implement a "zero pesticides" approach for green spaces Install arrangements to welcome local fauna 		
+15% increase in visitors using alternative means of transport to individual petrol and diesel cars	12% of visitors coming by alternative modes of transport	<ul style="list-style-type: none"> 100% of centers close to public transport links Set up ride-sharing parking spaces, bike racks, charging stations for electric vehicles 		
80% of visitors have a positive image of center accessibility		<ul style="list-style-type: none"> Carry out accessibility compliance works 		
100% of assets with a high level of security and health and safety	92% average safety audit score	<ul style="list-style-type: none"> Set up compliance reporting for 100% of the portfolio Carry out regular checks on the measures put in place 		
Increase comfort and quality of life in the centers		<ul style="list-style-type: none"> Develop the "Design in freedom" concept Carry out studies on occupant and visitor comfort and satisfaction 		
Strengthen visitor satisfaction	+2% increase in visitor satisfaction	<ul style="list-style-type: none"> Roll out the Prim'Prim' loyalty program More than 75,000 customers registered at 31 December 2020 		
Increase tenant satisfaction		<ul style="list-style-type: none"> Roll out the Ocitò digital and logistics platform for retailers Conduct tenant satisfaction surveys 		
Promote local employment	More than 19,500 local jobs induced by centers' activities	<ul style="list-style-type: none"> Organize operations supporting employment Inaugurate the "SKOLA" school store supporting young long-term jobseekers Set up partnerships to support local retail development 		
Facilitate social harmony	93% of centers welcomed at least one non-profit organization during the year	<ul style="list-style-type: none"> National partnership with Médecins du Monde since 2015 Carry out solidarity initiatives relating to Covid-19 		
80% of purchases over Euro 10,000 with CSR clauses	85% of center purchases covered by CSR clauses	<ul style="list-style-type: none"> Map Mercialys' purchases and assess the corresponding CSR risks Incorporate CSR criteria into center contracts and tenders Put in place control arrangements 		
Build CSR awareness across the value chain	93% green leases signed during the year 79% of in-center teams carried out CSR reviews with their tenants	<ul style="list-style-type: none"> Collaborate with retailers to promote their CSR best practices Communicate on CSR with customers Provide annual ethics training for Mercialys employees 		
Identify, attract and retain talents	100% of employees provided with training	<ul style="list-style-type: none"> Enable staff to transition towards management positions 		
Combat all forms of discrimination	96/100 at workplace gender equality index ⁽²⁾	<ul style="list-style-type: none"> Parity for the Management Committee and Board of Directors Sign the Diversity in Business charter Set up a partnership with Arpejeh⁽³⁾ and the non-profit Tremplin 		
Ensure employee health and safety	0 occupational accidents since 2015	<ul style="list-style-type: none"> Sign the Charter on the right to disconnect 		
Develop employee engagement	81% participation in the engagement survey	<ul style="list-style-type: none"> Propose partnerships with non-profits supporting young people, including the non-profits Article 1 and Télémaque Develop arrangements for staff to work from home 		



Goal achieved



Goal on track to be achieved



Goal not achieved

2.2 Energy and greenhouse gas emissions

The residential and tertiary sector accounts for more than 20% of greenhouse gas emissions generated in France each year⁽¹⁾. Climate change is, therefore, an inevitable medium- and long-term issue for Mercialis. Through its carbon roadmap validated by the Science Based Targets initiative

(SBTi) since 2019, the Company is directly involved in the Paris Climate Agreement. It contributes to the collective effort to limit the average rise in global temperatures below 2 °C compared to pre-industrial temperatures.

Objective No. 1: reduce energy consumption per sq.m. by 20% by 2020

Faced with the increasing scarcity of energy resources and the increase in associated taxes, energy performance is a major issue for Mercialis. The Company may see the operating costs of its shopping centers increase, or encounter supply difficulties. Investing in energy efficiency helps to ensure that service charges are kept under control for retailers, while reducing the shopping centers' environmental footprint.

In the shorter term, improving assets' energy performance is a way to look ahead to the implementation of new regulations. For example, the Tertiary Eco-energy scheme in France requires a 40% improvement in the energy performance of existing tertiary buildings by 2030, 50% by 2040 and then 60% by 2050. Mercialis is thus mindful of the energy efficiency of its assets during its shopping centers' design, construction, restructuring and operational phases.

Designing low-energy buildings

The design and construction phases are critical to reducing building energy consumption. For example, incorporating bioclimatic architecture, which combines natural elements such as wind and sun in the project design, reduces the building's energy requirements. This is why Mercialis has formalized its requirements into its "construction and maintenance specifications". This is attached to delegated project management contracts and must be complied with by companies in charge of its real estate projects.

Optimizing energy consumption whilst in operation

The Company's property manager and shopping center management are responsible for implementing Mercialis' CSR policy and action plans across the centers. In order to improve energy consumption monitoring and analysis at shopping centers with the highest consumption, a new monthly process was established in 2020. This environmental steering tool (energy, water and waste) involves both the management and operational teams of the property manager and Mercialis' Operations Department. It can identify some of the shopping centers' operating problems so that anomalies can be corrected, while sharing best practices already implemented and comparing the centers' performance.

While all Mercialis shopping centers remained open during the two lockdown periods, the 2020 health crisis had mixed effects on their routine operation. Impacts resulting in a drop in energy intensity were reported, since lighting, heating, ventilation and the operation of escalators in some shopping center areas not accessible to the public were greatly reduced. However, since the reopening of all the stores in May 2020, the ventilation systems have been configured in line with the recommendations of the French High Council of Public Health to ensure 100% fresh air renewal, resulting in an increase in energy consumption.

In general, Mercialis uses several levers to achieve its objective:

- the modeling of shopping centers' energy consumption, free from the impact of unexpected events (breakdown, etc.) and influencing factors (weather, occupancy, etc.), is used to identify optimization measures and investments required to improve assets' energy performance. This assessment was carried out across all Mercialis' assets in 2020;
- the roll-out of remote-read sub-meters across 63% of sites since 2017, with another 18% planned for 2021, means that consumption can be measured in real-time by site use. This system can also analyze energy consumption by cross-referencing it with activity data such as shopping center opening hours or footfall, to quickly identify and correct certain management anomalies;
- facilities management and supervision through Building Technical Management Systems at 89% of Mercialis' assets (regulated temperatures, lighting time slots, etc.);
- multi-year work plans for the installation of energy-efficient equipment, such as the replacement of aging installations, or LED relamping for lighting. In two years, 50% of sites will have been equipped with LED lights. Switching to LED interior lighting at the Le Phare de l'Europe shopping center in Brest in 2020 halved energy consumption compared to the previous year.

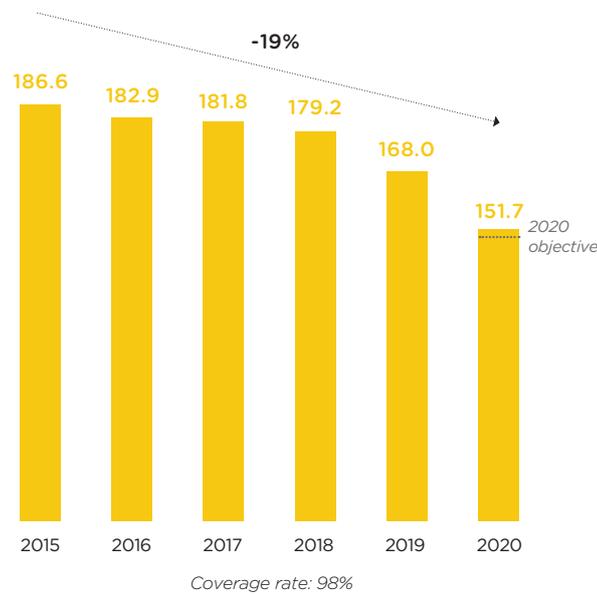
(1) INSEE, Citepa, Secten report May 2019.

Over the period in question, all of these measures have further reduced the Company's shopping centers' energy consumption per square meter.

ENERGY INTENSITY PER SQ.M

		Energy intensity per unit area <i>(in kWh/sq.m)</i>	Coverage rate
Current scope	2015	197.4	97%
	2016	195.2	98%
	2017	191.4	98%
	2018	186.1	98%
	2019	179.9	99%
	2020	163.8	99%

ENERGY INTENSITY PER SQ.M
(in kWh/sq.m - like-for-like basis)



Objective No. 2: align its business with a 2 °C-compatible carbon roadmap

Mercialys is contributing to the ecological transition by reducing its shopping centers' carbon footprint in order to ensure long-term sustainability and value while combating climate change.

Following its scientifically-validated 2 °C carbon roadmap

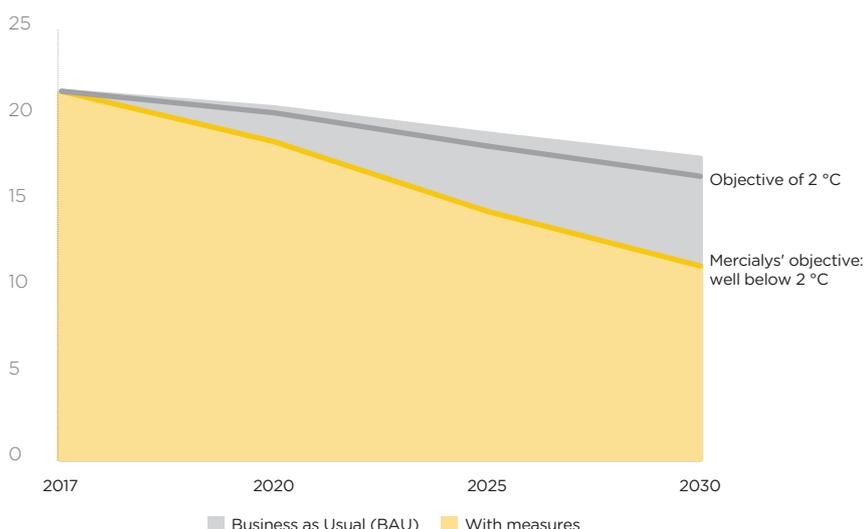
Mercialys studied three scenarios, with several time horizons (between five years and 2050), to set its objectives for combating climate change:

- the “Business-as-Usual” (BAU) scenario, estimating the change in Mercialys' emissions if its efforts remained at the current level;

- the real estate sector “Sectoral Decarbonization approach” (SDA), keeping levels below a rise of 2 °C (scenario RCP2.6 of the Intergovernmental Panel on Climate Change's fifth assessment report);
- the scenario chosen by Mercialys, which leads to measures to reduce the emissions identified by the Company and which limits the increase in global temperature to “well below 2 °C”.

The various scenarios and the pathway defined by Mercialys are shown in the graph below.

MERCIALYS CARBON PATHWAY VALIDATED BY THE SBTI
(in kgCO₂/sq.m./year - current scope)



Although Mercialys is aware that combating climate change is beyond its direct scope of responsibility, it has set itself objectives for both in terms of energy consumption by its shopping centers' common areas and the leakage of refrigerants from air conditioning installations (scopes 1 and 2), and for its expanded carbon footprint (scope 3). Mercialys' climate strategy for the 2017-2030 period is thus based on the following four objectives:

- reduce scope 1 and 2 emissions by 47% per sq.m. using the market-based method⁽¹⁾;
- reduce emissions from tenants' energy consumption by 46% per sq.m.;

- reduce emissions from employee travel by 26%;
- reduce emissions related to the treatment of waste produced by the centers by 26% per metric ton of waste produced.

The Science Based Targets initiative approved these objectives in 2019, making Mercialys one of the first real estate companies in the world to have its objectives scientifically approved.

(1) Market-based: method used to calculate CO₂ from energy consumption, which makes it possible to take into account energy suppliers' emission factors and to highlight the renewable energy purchase.

Continuing its work on scopes 1 and 2

Mercialys' main levers to achieve its scope 1 and 2 objective for 2030 are the following:

- continue to reduce shopping centers' energy consumption. The measures taken and the main results are shown from page 90 onwards;
- use less carbon-intensive energy for the operation of the centers. To do so, in 2020, Mercialis launched calls to tender for electricity and gas supplies, including electricity from renewable sources and biogas. From 2021, 82% of its shopping centers will be supplied with 100% renewable electricity produced in France. Mercialis is also able to reduce its carbon footprint with the development of self-produced renewable energy. For example, in 2020, La Galerie Cap Costières in Nîmes produced and consumed 302 MWh of electricity from solar energy thanks to photovoltaic units installed above its green spaces;
- replace leak-prone air-conditioning systems with new units that run on refrigerants with a lower Global Warming Potential (GWP, *i.e.* the level of contribution to the greenhouse effect). Mercialis checks its facilities regularly and monitors refrigerant leaks on a monthly basis. Its overall leakage rate in 2020 was 1.1%, well below the national average of 9%⁽¹⁾, proof of Mercialis' effectiveness in this area. At the same time, Mercialis is exploring less-polluting alternatives to conventional refrigerants. All of these factors are an integral part of Mercialis' refrigerant replacement strategy.

Taking further action with the incorporation of scope 3

Meeting reduction commitments for scope 3 items involves the cooperation of all Mercialis' stakeholders. Its main levers for involving the shopping centers' tenants, employees and service providers are:

- working with retailers to reduce their energy consumption. For the past two years, retailers' consumption has been logged for incorporation into the Company's action plans and to provide them with the benchmark information that they need for their operations (average energy consumption per sq.m. by type of activity, for example, see page 111);
- proposing a carbon-free electricity purchase agreement to tenants;
- raising employees' awareness of their business travel's carbon impact. All employees are equipped with videoconferencing tools which have been the preferred option and have been widely used, particularly, within the context of the 2020 health crisis. Teleworking, in place since 2017 at Mercialis, was also favored this year (see page 119);
- working on the end-of-life treatment of the waste produced by the shopping centers. In conjunction with property managers and waste collection services, Mercialis is seeking to optimize waste sorting and select the most energy-efficient outfalls in terms of carbon impact (see page 97).

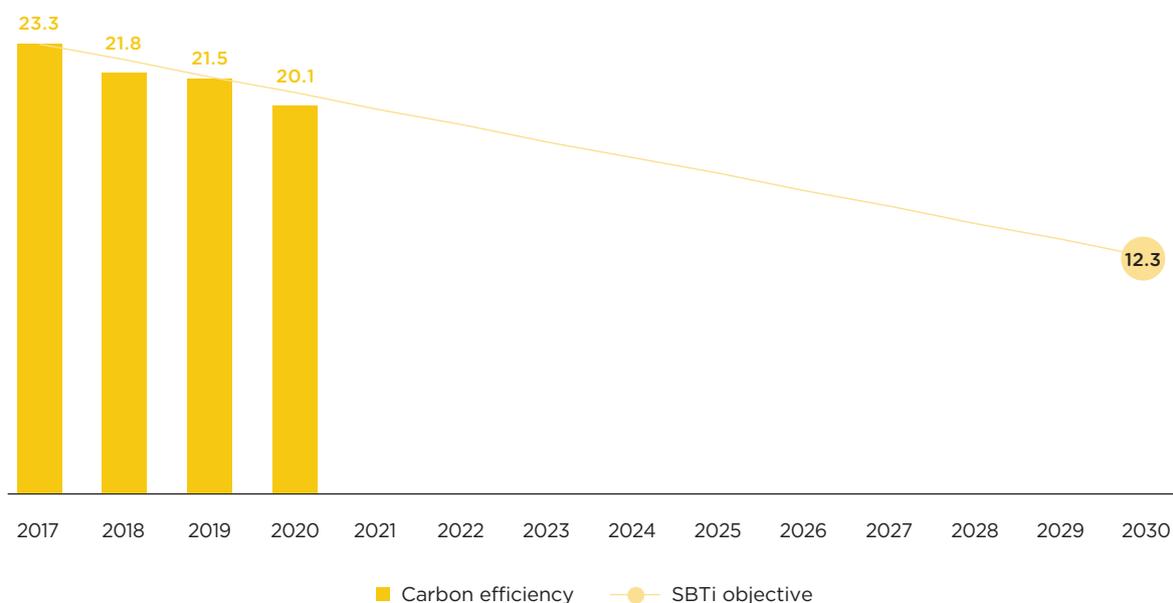
(1) Source: ADEME - ARMINES, 2011.

GREENHOUSE GAS EMISSIONS AND SCIENCE BASED TARGETS

	Scopes 1 and 2		Scope 3	
	Energy consumption for common areas and general services <i>(in kgCO₂eq./sq.m.)</i>	Tenants' energy consumption <i>(in kgCO₂eq./sq.m.)</i>	Employee travel <i>(in tCO₂eq.)</i>	Waste management <i>(in tCO₂eq./ton)</i>
2017	23.3	51.5	289.0	0.280
2018	21.8	53.2	321.0	0.175
2019	21.5	71.6	190.0	0.173
2020	20.1	71.3	92.6	0.175
Change 2019-2020	-6.5%	-0.5%	-51.3%	-1.0%
Change 2017-2020	-13.6%	+38.5%	-68.0%	-37.4%
Objective 2017-2030	-47%	-46%	-26%	-26%

CARBON INTENSITY SCOPES 1 AND 2 PER SQ.M.

(in kgCO₂eq./sq.m. - Current scope - market based)



Coverage rate for scopes 1 and 2: 99%

Mercialys is on track with its carbon roadmap and achieved its employee travel-related objective two years ago. Validation of its roadmap by the SBTi, combined with the performance achieved in recent years, testifies to the Company's achievement of its strategic objective, namely, to make its carbon roadmap 2 °C-compatible.

In recognition of its active commitment to combating climate change, Mercialis has remained on the Carbon Disclosure Project (CDP) A List for the third consecutive year. This list is composed of 270 global companies considered leaders in the fight against climate change, out of over 9,600 international participants listed in the CDP's 2020 edition.

2.3 Asset resilience and adaptability

Human-induced climate change, which is already under way, is a global challenge for all economic players. Mercialis' Risk Prevention Committee (RPC) has identified and characterized the Company's risks and opportunities associated with the effects of climate change. It is also transparent about its climate risks, in accordance with the 11 recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

The Company faces four risks related to climate change:

- physical risks related to more frequent and severe weather events;
- transition risks related to the shift to a low-carbon society:
 - a risk related to changes in regulations,

- a market risk linked to changes in customer behavior,
- a reputational risk linked to the growing concerns of investors.

Conversely, climate initiatives may also result in three main opportunities for Mercialis:

- opportunity to own and manage low-emission, more resilient buildings;
- an opportunity to source energy with low carbon impact;
- an opportunity to innovate and develop new low-carbon service offerings.

Objective No. 1: ensure the adaptability of assets

Climate change generates physical risks related to climate events and their potential impacts on the assets in the portfolio. The increase in extreme climate events, whether chronic (rise in temperatures, rise in sea levels, etc.) or occasional and severe (floods, forest fires, etc.), may have a moderate-to-high impact on the Company's portfolio and its medium-term operating conditions. They could threaten the safety of its shopping centers and its visitors, causing damage to buildings. A recent study⁽¹⁾ also warns of the consequences of these risks on health, particularly in France. Among other things, heat wave peaks result in an increase in mortality, and the use of fossil fuels in air pollution and an increase in lung disease.

These risks may require the implementation of preventive adaptation measures, involving a structural and crisis management approach. The Mercialis RPC maps assets' vulnerability to natural risks. Exposure to flooding is the highest risk, with 34% of assets affected by a Flood Risk Prevention Plan, and is monitored quarterly during compliance reporting by the Company's property manager. Only one asset has compulsory work to prevent this risk.

In 2018, to cover asset adaptability risks and, in particular, physical risks related to climate change, Mercialis defined a strategy to improve their environmental and societal resilience, and implemented work to this end. This strategy describes how to:

- identify risks (floods, storms, etc.) and phenomena (changes in use, health crises, obsolescence, etc.), whether extreme, trend-driven or related to the lifespan of the shopping centers;
- characterize their impact on the site (buildings, technical facilities, comfort, etc.) and their probability of occurrence;
- define the right solutions to adopt to minimize the risk.

In 2020, this strategy was rolled out by asset to meet local specificities and identify any preventive adaptation measures to be implemented. Should the risk occur, Mercialis also has

an appropriate insurance policy to compensate for the consequences of this risk.

In addition, to continue to increase its resilience to changes in use and changes in consumption patterns, Mercialis is incorporating multi-purpose spaces in its shopping centers and urban projects (e.g. high-street retail). After La Galerie Espace Anjou in Angers, in 2020, Mercialis opened its second coworking space at La caserne de Bonne in Grenoble, operated directly under the "Cap Cowork" brand. With an average closed office space occupancy rate of 90%, the Company plans to duplicate these spaces at three additional centers in 2021. Mercialis also opened the first health center in a Corsican shopping center in Bastia Furiani. It accommodates 12 practitioners with different specialties. New health center openings are also planned, with three new centers opening in 2021. These two new uses reflects the same desire to adapt the merchandising mix, generating both economic and societal value and meeting the challenges of functional diversity and local anchoring.

In addition, Mercialis is adapting its service offering, notably through the development of the Ocitô ecosystem, consisting of a marketplace, logistics aggregation capacities and delivery resources. The ocito.net platform enables retailers to offer their items for sale on a shared digital marketplace, to respond to the issue of last-mile logistics while adapting to changing consumer trends. It helps to build up the societal resilience of the Company's shopping centers. In 2020, ocito.net, has been deployed across 76% of Mercialis' shopping centers' retail offering and integrated delivery solutions, such as click and collect or delivery. Different brands of food and non-food products can be ordered and delivered at the same time, reducing the carbon impact of delivery. In addition, this new offering is a great opportunity for Mercialis and its tenants to generate additional revenues when faced with the rise of e-commerce (see page 88), including during the closure of "non-essential" retail and lockdowns related to the health crisis while increasing footfall at shopping centers during normal opening periods.

(1) Source: *The Lancet Countdown on health and climate change - December 3, 2020.*

Objective No. 2: enable all the BREEAM In-Use assets to progress by one level of certification

Mercialys has been using the international environmental certification, BREEAM In-Use, as a simple, readable and scalable management tool for the operational assessment of its assets. This tool supports teams with environmental site management, whilst offering a framework for comparing portfolio assets, identifying best practices and recognizing the work done on a daily basis. In addition, the certification helps the Company to estimate and implement the work needed to protect its portfolio from the risk of obsolescence and to guarantee its environmental and societal resilience, not only as a result of its market-wide use, but also by factoring in emerging CSR issues. On the other hand, certified, energy-efficient and resilient shopping centers may represent differentiating added value likely to make the centers more attractive to visitors and tenants. Furthermore, certification sparks the interest of investors, as illustrated by rating agencies' questionnaires and extra-financial ratings which now include certification as a matter of course. This certification is

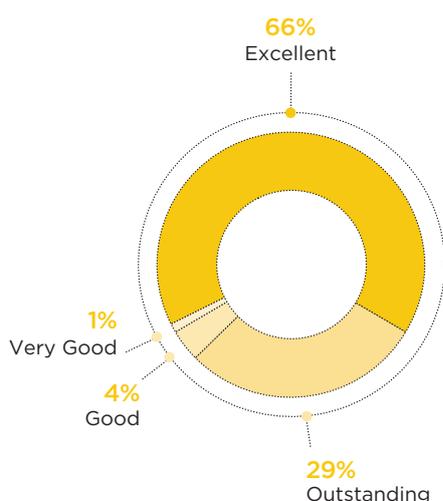
deployed across Mercialys' own asset portfolio as well as across assets held in partnership with investors, who also benefit from this expertise.

There has been a five-fold increase in the number of assets certified by Mercialys since 2014, with four new assets certified in 2020: La Galerie Espaces Fenouillet à Toulouse, La Galerie Géant Angoulême, Les Belles Feuilles in Paris and La Galerie Espace Monthieu in Saint-Étienne. Two were certified as "Excellent" for their asset management (Part 2), proof of performance corresponding to best practices. In addition, all 2020 renewals were up at least one level in this area, thus fulfilling the objective of Mercialys' CSR strategy. 33% even went up two levels, from "Good" to "Excellent". These excellent results testify to Mercialys' maturity and its teams' commitment to continually improving operational performance in order to ensure that the Company's portfolio meets the highest environmental standards.

ENVIRONMENTAL CERTIFICATION ON OPERATIONAL PERFORMANCE

	Share of certified shopping centers, by value	
Current scope	2015	28%
	2016	28%
	2017	46%
	2018	56%
	2019	68%
	2020	77%

CERTIFICATION LEVEL: ASSET MANAGEMENT



In addition, the BREEAM In-Use standard changed in May 2020. The new version includes a resilience component counting towards 11% of the score for Part 2. The gradual migration of the Mercialys portfolio to this new version should enable the Company to strengthen and standardize its practices in this area.

2.4 Circular economy

The concept of circular economy describes the production of goods and services by limiting the consumption and wastage of resources (raw materials, energy, water, etc.). By adopting this approach, Mercialis is primarily seeking to maximize the recovery of its centers' operating waste and optimize their water consumption.

Objective No. 1: recover 55% of waste in 2020

In 2020, Mercialis shopping centers produced more than 7,300 metric tons of waste. Nearly all of this waste comes from the retailers' business activities and quantities are dependent on their packing policies as well as their logistics organization. Working towards better waste management keeps tenants' costs down against a backdrop of increased costs due to the limitations of treatment capacities. In addition, it is an opportunity for lessor and lessee to collaborate and to reduce the shopping centers' overall environmental footprint. This topic was also a high expectation for retailers according to the Company's stakeholder consultation in 2020.

In order to respond to this challenge and optimize the recovery of its operational waste, Mercialis is committed to:

- working with retailers to offer them appropriate sorting solutions;
- making tenants aware of the importance of sorting their waste;
- working with waste collection and treatment providers to choose the most appropriate type of treatment for each site.

The Company has also organized for all of its assets the systematic sorting of cardboard, plastics, biodegradable waste, paper, glass, wood and scrap metal, whose waste management is carried out by an external service provider⁽¹⁾. In 2020, Mercialis carried out works on 24% of its centers to optimize their waste sorting areas and accommodate new streams. On average, a Mercialis center sorts 3.4 waste streams, against 1.8 in 2015. There can be up to nine sorting streams in the same shopping center: cardboard, biodegradable waste, textiles, bulky items, hangers, paper, healthcare waste with infectious risks (DASRI), glass and wood.

Additional specific systems are also rolled out for certain categories of waste. For example, to combat food waste, some retailers are working with the start-up Too Good To Go. Its app allows all food-selling companies (restaurants, bakeries, supermarkets, etc.) to sell their unsold products at reduced prices. Since 2017, more than 50,000 baskets have

been saved throughout Mercialis centers. In addition to contributing to the fight against food waste, retailers' losses were estimated to be down, at Euro 165,000 over the period, including Euro 78,000 for 2020. Other shopping centers such as Grand Quartier in Rennes Saint-Grégoire and La caserne de Bonne in Grenoble recycle cigarette butts. Since 2018, 1.2 million cigarette butts were collected and recovered, the equivalent of more than 30 km of cigarette butts lined up end-to-end.

In addition, Mercialis raises retailers' awareness through frequent reminders by shopping center management, property managers and service providers. This takes the form, among other, of clear signage put up in the waste sorting areas, or regular formal and informal communications. 2020 was marked by the distribution of a generic waste sorting guide for tenants, supplemented by a simple and instructive waste booklet adapted to each site to offer retailers the best support possible.

Increased sorting streams and the continuous awareness-raising of tenants have made it possible to improve operational waste sorting rates at Mercialis' shopping centers compared with 2015.

Mercialis real estate projects also generate waste. Consequently, the Company has included a specific clause on sorting construction waste in its "Construction and Maintenance Specifications" that must be followed by the delegated project management.

Once the waste has been collected, the waste service provider is responsible for treating it in such a way as to recover it and avoid its disposal in landfill. Mercialis uses calls to tender and contracts to promote waste recovery, in line with local constraints, and monitors service providers' waste processing on a monthly basis. All these combined efforts and measures led to the achievement of MERY'21's objective in 2019, and 24% of shopping centers are doing a lot more by recovering 100% of their waste.

(1) Excluding local authority collection or joint collection with the hypermarket.

SHARE OF WASTE RECOVERED

		Waste recovery rate	Coverage rate
Current scope	2015	28.1%	67%
	2016	18.5%	76%
	2017	33.0%	76%
	2018	47.8%	77%
	2019	59.3%	83%
	2020	50.7%	91%

Objective No. 2: reduce water consumption by -15%

Although none of its assets are located in water-stressed areas and do not consume a lot of water, Mercialis is committed to optimizing its shopping centers' water consumption. As the main volume of water consumption are toilets and the watering of green spaces, Mercialis has included specific criteria in its "construction and maintenance specifications" to be applied when renovating toilets, and includes related requirements in contracts for the maintenance of green spaces.

Mercialis first equips its shopping centers' toilets with water-saving devices. Dry urinals, pressure reducers, dual-flow flushes, infrared sensors, etc. are gradually being installed. Other systems, such as shut-off solenoid valves, were installed on 40% of shopping centers in 2020. They can cut off the water supply outside the center's opening hours and therefore avoid consumption relating to an open tap or a leak.

For projects, special attention is paid to choices of plant species, based on their water requirements. "Smart" irrigation systems (drip irrigation, automatic timers, etc.) can also be found at 31% of shopping centers.

Finally, rainwater collection tanks installed at 24% of centers supply water to sanitary facilities or green space irrigation networks. For example, at La Galerie Géant Quimper, 23% of the water required by the shopping center's common areas came from this alternative system in 2020.

In addition, as part of their daily rounds, technicians in charge of site maintenance carry out preventive searches for leaks in order to limit waste. In addition, water consumption is monitored on a monthly basis by the property manager, which then reports back to Mercialis. The data are then shared and analyzed in the same way as the energy consumption data, shown on page 90.

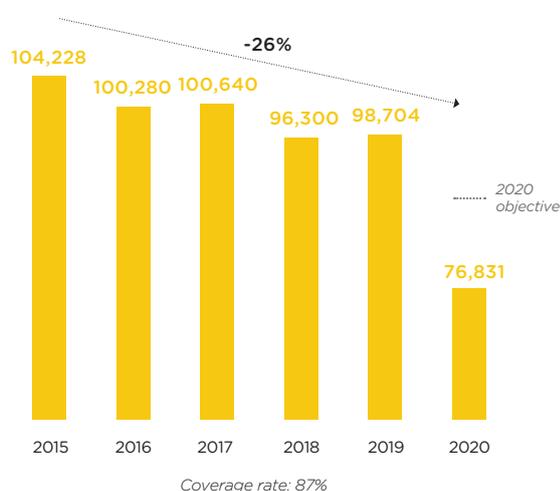
The Covid-19 health crisis had an impact on water consumption in 2020. Additional and exceptional savings were made, due to the closure of toilet facilities during the lockdown period, and the decline in footfall. However, cleaning measures have been increased, resulting in additional consumption.

All the measures taken in this particular regard over the past five years have resulted in Mercialis exceeding its objective, reducing its water consumption by 26% on a like-for-like basis compared to 2015.

TOTAL WATER CONSUMPTION

		Water consumption (in m ³)	Coverage rate
Current scope	2015	135,458.5	83%
	2016	139,763.1	88%
	2017	144,198.6	89%
	2018	134,027.5	100%
	2019	158,297.7	100%
	2020	147,213.5	100%

TOTAL WATER CONSUMPTION
(in m³ - like-for-like basis)



The gradual introduction of remote metering will enable Mercialys to further improve its practices by measuring water consumption in real time, source by source, in 2020. This technology can automatically upload information to an online platform. Anomalies and deviations can, therefore, be identified and corrected more rapidly. The system is fitted with sub-meters in both the common and private areas, which also alerts retailers to anomalies concerning their private consumption.

2.5 Biodiversity

As published by the United Nations⁽¹⁾ (UN), the main factors of biodiversity erosion are changes in land use, climate change, overexploitation, invasive alien species and pollution, particularly plastic pollution. Being aware of these global challenges, Mercialys acts at its own level to help limit these factors in its activities.

Objective: engage in protecting ordinary biodiversity

Firstly, Mercialys is limiting two of the five biodiversity erosion factors identified by the UN, through its carbon roadmap, helping to keep global warming below 2 °C (see page 92), and by striving to raise awareness among tenants on the importance of sorting waste, including plastic, and its recovery (see page 97) to prevent it from ending up in the oceans.

Secondly, Mercialys operates shopping centers built in the 1980s, and all its development projects since its creation in 2005 have been on land that was already sealed. The Company is, therefore, not involved in the artificialization of

soils, in line with the commitment contained in the 2018 French National Biodiversity Plan: “net zero artificialization”.

Concerning overexploitation, Mercialys does not directly operate production activities that mobilize natural resources, but all the timber required for its projects must come from sustainably-managed forests and have FSC or PEFC⁽²⁾ certification. This criterion is provided for in the “construction and maintenance specifications” appended to the delegated project management contract. In addition, for the past two years, Mercialys has been raising the awareness of its centers’ visitors on biodiversity protection by planting a tree when

(1) Source: Global Biodiversity Outlook 5, September 2020.

(2) FSC (Forest Stewardship Council) and PEFC (Programme for the Endorsement of Forest Certification): labels guaranteeing the traceability of wood purchased and that its production does not contribute to deforestation.

they take part in competitions or register for the loyalty program. To date, 3,500 trees have been planted in France via projects supported by Reforest'Action⁽¹⁾ (see page 112).

Finally, all of the Company's assets are located in France, in urban or semi-urban areas. Mercialys' impact on biodiversity erosion is, therefore, limited, but it is an opportunity to participate in what is known as the "ordinary" biodiversity conservation effort. Today, mass extinction is largely symbolized by emblematic species such as the polar bear, constituting "extraordinary" biodiversity. However, "ordinary" biodiversity, that is to say the most common and familiar biodiversity, is just as important for the balance of ecosystems. This is why Mercialys is committed to promoting "urban" and "ordinary" biodiversity with ecosystems surrounding its shopping centers helping, in particular, to mitigate the problem of invasive species.

To do so, the Company has carried out ecological audits and drawn up biodiversity action plans set out by ecologists on 73% of its portfolio since 2015. These involve conducting inventories of existing biodiversity on its sites and assessing green space management practices to determine improvement recommendations.

As a result of these audits, Mercialys amended its green space maintenance contracts for 70% of its shopping centers in 2015 to:

- introduce a "zero phytosanitary products" policy;

- fight against invasive species that harm native biodiversity by disturbing and destroying it;
- promote the use of indigenous species to limit the need for external action.

Mercialys also seeks to encourage biodiversity by having designated areas for local wildlife. In line with ecologists' recommendations, 68% of shopping centers have nesting boxes for birds, insect hotels, bat hotels, beehives, plant walls, green roofs, etc.

In addition, when protected species are identified in the centers, specific measures are taken to protect them. Within this framework, a species of orchid was discovered at La Galerie Le Phare de l'Europe à Brest. The green space service provider has been informed and is now taking special care of it when working on the site. In addition, there are lots of swallows' nests in the La Galerie Géant Fréjus shopping center and car park. As this species is protected by French law, the shopping center's teams are careful not to destroy their nests.

Mercialys assesses the effectiveness of this approach and measures taken on the basis of changes in score in the ecology section of the BREEAM In-Use certifications of its shopping centers. Between 2017, the year in which the certification was rolled out across the Company's portfolio, and 2020, the score more than doubled, proof that the objective set by MERY'21 has been met.

BIODIVERSITY

		Average BREEAM In-Use score for Land Use & Ecology
Current scope	2017	26.4%
	2018	33.0%
	2019	38.5%
	2020	71.3%

(1) Reforest'Action: a company whose mission is to support forest ecosystem restoration projects in France and around the world.

2.6 Accessibility and connectivity

Encouraging visitors to access the Company’s shopping centers using alternative modes of transport to private vehicles is an opportunity for Mercialis. This enables it to make its assets accessible to customers without private vehicles, to prevent parking lots from getting too congested and improve customer satisfaction thanks to smoother paths. This also enables the Company to reduce the carbon footprint associated with visitor travel to its shopping centers (scope 3) and combat air pollution at the same time. Although the Company can implement initiatives to promote these behaviors, it heavily relies on the Government, particularly action from local authorities, to put in place or optimize public transport services.

Objective No. 1: +15% increase in visitors using alternative means of transport to individual petrol and diesel cars by 15%

New modes of transport have been developed in recent years, which are more environmentally-friendly than petrol and diesel cars. In order to follow this trend, Mercialis is seeking to multiply and diversify the transport solutions available to access its shopping centers.

Supporting the development of innovative and low-carbon transport offers is the main driver. To do so, the Company maintains a regular dialog with its stakeholders, particularly local authorities. The goal is to make the shopping centers as accessible as possible by public transport, whether in relation to service frequency, times or ease of access. By the end of 2020, all centers had at least one entrance located less than 500 meters from a public transport stop, with services running on average every 15 minutes or less, at peak times. At the same time, Mercialis is also developing specific facilities in its parking lots:

- 80% of parking lots have bicycle shelters;
- 61% of parking lots have parking spaces reserved for carpooling;
- 47% of parking lots are equipped with charging stations for electric and hybrid vehicles, most of which are free of charge.

The second aspect is reliant on these modes of transport being promoted, to encourage their use by the centers’ visitors and retailers. Several communication channels are used:

- information about the routes serving the centers are regularly displayed on the center’s screens;
- directional signage points the way to public transport stops;
- screens display the times of the next public transport service departure;
- the shopping centers’ websites provide information on center accessibility and facilities available.

Despite Mercialis’ efforts, this project’s objective was not achieved. In fact, most of Mercialis’ shopping centers are located in suburban areas with dispersed low-density housing, where, as a result, the primary mode of travel is still by private car. This was exacerbated by the 2020 health situation, with use of private cars on the increase to avoid a lack of social distancing on public transport.

MODES OF TRANSPORT USED BY VISITORS

		Car and motorbike	Public transport	Bicycle	On foot	Coverage rate
Current scope	2019	83.8%	8.3%	0.9%	6.9%	93%
	2020	88.1%	7.3%	NA	4.6%	89%

On average, the number of visitors traveling to the shopping centers by car in 2020 was two to three per vehicle, reducing the carbon impact of these trips.

Over the coming years, Mercialis will continue to support the development of lower-carbon modes of transport.

Objective No. 2: 80% of visitors have a positive image of center accessibility

Responding to buildings’ accessibility requirements is a social issue for companies in the real estate sector, so that they can welcome everyone, whatever their situation. This includes access for people with reduced mobility and access for

seniors or families with strollers. Mercialis is working to make its shopping centers welcoming and accessible to all, and has carried out the necessary works to this end.

2.7 Customer well-being, health and safety

As a real estate company, Mercialys is responsible for ensuring the safety of visitors and staff working at its shopping centers. In particular, it must ensure that centers comply with current regulations and that fire safety services are up to speed. In 2020, it had to further ensure the adequacy of the health and safety systems in place.

In addition to safety, Mercialys seeks to ensure the comfort and well-being of customers visiting its shopping centers and the retail employees who work there. The aim is to retain them by offering a high-quality customer experience, a guarantee of satisfaction.

Objective No. 1: 100% of assets with high level of security and health and safety

The Company's quest for operational excellence is driven by its desire to provide a welcoming atmosphere to visitors and staff working in Mercialys' shopping centers. This quality approach also applies to security services at the centers, in order to limit security risks.

Indeed, Mercialys shopping centers are both workspaces for around 19,500 people and strolling areas for 98 million visitors welcomed in 2020. Due to this concentration of people, the centers can be a target for malevolent acts. They can also be places where incidents can have serious consequences.

Furthermore, visitors' well-being is influenced by a sense of safety when they are in the shopping centers. Guaranteeing their safety and security is, therefore, a fundamental issue for the Company.

Preventing safety risks

Mercialys is especially attentive to the management of the health and safety risks by its shopping centers' property manager. A risk prevention and management policy has been

drawn up with its stakeholders to identify and assess the risks, then put in place the appropriate risk management procedures and systems.

To ensure that these measures are proportionate, effective and properly applied, multiple drills and checks are carried out. At the same time, the real estate portfolio's regulatory compliance status on these issues is monitored on a quarterly basis by the Operations, Asset Management and CSR Department teams. This makes it possible to identify future measures to be taken and their progress.

First, an annual audit is carried out on each security service provider. This covers the qualifications of the teams, their continuous training and their knowledge of prevention procedures and measures. It is supplemented by situation tests. In the event of a score below 90%, the service provider must offer the property manager a corrective action plan. It must then undergo a counter-audit within no more than three months. If the result of this counter-audit remains unsatisfactory, the contract with the service provider is terminated.

SAFETY AUDITS

	Average score	Share of shopping centers covered by a safety audit
Current scope	2018	78.7%
	2019	82.9%
	2020	85.6%

Mercialys' Risk Prevention Committee (RPC) also organizes unscheduled internal audits every year. They focus on the correct application of personal safety procedures by the property manager and the security service provider. This year, special attention was paid to the application of anti-Covid measures in the shopping centers.

The security service provider also conducts safety drills once or twice a month. "Full-scale" drills can also be organized with public emergency services such as the fire department or the police.

In addition, Mercialys regularly conducts specific preventive audits and assessments. These may relate, for example, to checking the soundness of roofs and the absence of legionella contamination in water systems. The objective is to ensure that these risks are properly managed, over regulatory requirements.

Covid-19 health crisis management

As a result of merchandising mixes comprising lots of essential stores and the routine inclusion of one large food store, all Mercialys shopping centers remained open during both national lockdowns. The 2020 health crisis did, however, require the implementation of immediate and unprecedented measures to strengthen health rules, particularly in the centers. In early March, Mercialys' Operations Department and its property manager met regularly to do their utmost to maintain business continuity during lockdown periods and prepare for moving out of lockdown. Lockdown and lockdown exit processes and plans were developed and adjusted as new protocols were announced by the French Government. The main measures implemented at the shopping centers as a result of this task force are based on:

- managing customer routes by organizing traffic flows to prevent customers from crossing one another;
- real-time visitor counting to limit the number of visitors entering at the same time and plan ahead for peak times;
- the provision of hydroalcoholic gel at entrances and the obligation to wear a mask;
- the introduction of specific communications to ensure compliance with personal protective measures (strong signage, posting and broadcasting of radio messages at the center, regular information on websites and social networks, etc.);
- continuous cleaning and disinfection of spaces and facilities;
- supervision and adaptation of the rules for using shared facilities (children's areas, rides, etc.);
- continuous renewal of indoor air.

The purpose of these measures is to ensure quality levels of hygiene and comfort for visitors and retailers.

Health and safety risk management procedures are tested on a regular basis and have proven their relevance and effectiveness over time. This approach has helped to achieve a high level of safety and hygiene at the Company's sites, particularly throughout this health crisis.

Objective No. 2: increase comfort and quality of life in the shopping centers

Mercialys strives to improve the well-being and comfort of visitors and retailers; these are means of differentiation that make its shopping centers a destination of choice.

To do so, the Company has developed a concept with a designer which aims to promote access to art *via* non-retail scenarios at shopping centers for the entertainment of visitors. This project, called *Design en liberté* (Design in freedom) was implemented within La Galerie Espaces Fenouillet in Toulouse in 2020. It brings aesthetic, atypical and fun elements to the customer experience.

In order to offer a visitor experience that increasingly matches expectations, Mercialis conducted a customer survey in 2020 to assess the facilities and atmosphere of its centers. Nearly 4,000 customers shared their opinion on the importance of issues such as ease of access, recycling spaces, nurseries, lighting and sound, and areas with plants, etc.

To ensure occupants' comfort, Mercialis also measures lighting levels, acoustics and indoor air quality. Such measurements have been taken at 79% of portfolio assets over the past five years, in order to determine which measures to take. In addition, shopping centers have been fitted with specific remote-read sensors. Property managers can monitor and take action, in real time, in response to changes in center comfort indicators, such as temperature, humidity levels and certain polluting emissions.

Securing personal data

In addition to physical safety, Mercialis must also secure the personal data of its shopping centers' stakeholders, employees, customers and tenants. A Data Protection Officer (DPO) is responsible for ensuring that the Company's practices comply with the General Data Protection Regulation (GDPR). A map of this data processing is regularly updated. It aims to ensure that these data are processed in line with previously identified goals, in complete security and confidentiality, whether by Mercialis or its subcontractors.

To improve personal data processing, Mercialis has a GDPR compliance management software platform. In addition, compliance checks are conducted on a regular basis. Care is taken to raise awareness amongst employees, and more particularly, amongst the teams responsible for processing such data.

Furthermore, Mercialis makes every effort to provide people with the clearest and most transparent information on how their data is used by the Company and their right to have their data deleted.

In addition, Mercialis has formalized specific requirements concerning the use of certain products in its "construction and maintenance specifications". For example, glues, paints and varnishes must have an A+ environmental label and have a lower content of, or be free from, Volatile Organic Compounds (VOCs), ensuring better indoor air quality. Companies responsible for construction and major maintenance at the shopping centers are required to comply with these requirements.

In addition, three years ago, Mercialis introduced an IT tool to manage operational excellence. Each shopping center Manager is invited to put themselves in visitors' shoes and report reasons for dissatisfaction, such as the cleanliness of toilets or elevator breakdowns. This tool automatically generates alerts to the site's property manager and the relevant departments (marketing, asset management, etc.). The Mercialis Operations Department monitors the handling of these issues and timeframes for their resolution on a monthly basis. This dynamic tool can adapt to changing circumstances and emerging issues. For example, information from customer surveys is now included, and a new Covid-19 category was integrated this year.

In order to continue to improve the quality of the visitors' experience, the Company's property manager presents Mercialis with an annual report on the quality of the main services supplied to the centers (cleaning, green spaces, maintenance, etc.). Depending on this presentation, budget adjustments or changes of service providers may be decided.

Objective No. 3: strengthen visitor satisfaction

In an increasingly competitive environment, due to the increase in physical retail space and the growth of e-commerce, visitor satisfaction has strategic importance for Mercialys. Indeed, the positioning of the centers within local communities, the centers' footfall and customer loyalty underpin retailers' economic performance, and thus the value of Mercialys' portfolio.

In addition to the measures outlined in the previous paragraph that contribute to improving visitor satisfaction, visitors can directly share their reasons for dissatisfaction, their suggestions or opinions, for example on the activities offered or the quality of the services provided by the centers. Indeed, they can interact in real time with shopping center

management by means of specific forms on the centers' websites and Facebook pages.

Mercialys uses its digital tools to measure the satisfaction of visitors to its shopping centers in real time. In this way, it can ensure excellent response times when it comes to implementing corrective measures. The Company also measures satisfaction levels by asking questions *via* different channels: emails sent to customers, centers' WiFi portal login forms and digital interactive maps.

Since 2018, this score has risen on an ongoing basis, proof that the objective of Mercialys' CSR strategy has been achieved.

VISITOR SATISFACTION

		Average score on visitor satisfaction survey	Share of shopping centers covered by a visitor satisfaction survey
Current scope	2015	Not comparable	63%
	2016	Not comparable	65%
	2017	Not comparable	86%
	2018	4.2/5	93%
	2019	4.3/5	94%
	2020	4.3/5	95%
	Change 2019-2020	+0.2%	

Lastly, to keep visitors coming to its shopping centers, Mercialys has improved its loyalty program, called Prim'Prim'. It is free, fully digitized and GDPR-compliant. For each purchase in one of the center's participating stores, customers are rewarded by accumulating euros in their

digital pot. They can then spend the pot with the center's retailers and benefit from exclusive discounts. Another demonstration of the improvement in customer satisfaction is that over 75,000 members of this loyalty program, launched in late 2019, were registered as of December 31, 2020.

Objective No. 4: increase tenant satisfaction

Tenant retailers are Mercialys' direct customers. The Company is committed to meeting their needs and providing them with the right environment in which to operate their businesses.

Being located in a shopping center is an advantage for retailers which benefit from a synergy-creating physical environment with multiple retailers all in one place. They can also implement an effective communication policy across the catchment area. In order to cope with the rise of e-commerce, but still maintain this major advantage, in late 2019 Mercialys launched an innovative digital platform called Ocitô, which integrates several last-mile logistics solutions. This offer constitutes a genuine ecosystem of local services able to respond to changes in consumer trends and offer retailers a new lever for revenue growth.

Ocito.net is one of these solutions. It is a shared digital marketplace that allows all businesses in the same center to offer their products for sale and to benefit from customized delivery solutions (home delivery, click and collect or drive-through). Ocito.net thus increases tenants' visibility and provides them with an online sales solution, especially for stores that do not have the resources to develop their own website and associated delivery solution. Its roll-out was accelerated in 2020 to enable retailers to continue to operate, whether or not they were required to close for some of the year. At the end of 2020, 76% of shopping centers had introduced the Ocitô service.

Ocitô also offers retailers a range of services facilitating the consolidation and dispatch of parcels from stores (Ocito.logistique) and a suite of last-mile solutions enabling customers to receive their products even more quickly: immediate delivery, home delivery within two days, click & collect, drive-through and parcel collection lockers (Ocito.transport).

In addition, to ensure tenant satisfaction, Mercialys conducts several satisfaction surveys each year on different and complementary themes.

The Company first queried its tenants about their level of well-being within the centers, their level of satisfaction with the services offered and the quality of the service providers' work in the shopping center. Shopping center management then feeds back the results of these surveys to retailers and proposes an action plan to improve their satisfaction.

Finally, the Letting Department continued its surveys in 2020 to measure retailer satisfaction with the letting process. Tenants are queried on their general satisfaction, as well as on specific topics (business-related services, legal services, technical services and reception, and marketing tools). 100% of tenants who signed a lease with Mercialys in 2020 were contacted for this survey, with an average response rate of 34%.

TENANT SATISFACTION

	Share of shopping centers covered by a tenant satisfaction survey	
	2016	28%
	2017	53%
	2018	63%
	2019	84%
Current scope	2020	91%
	Change 2019-2020	+7 bps

2.8 Community life and local economic development

Shopping centers are places where people meet and foster community cohesion. They thus play an active role in the cities where they are located, creating new forms of centrality. Aware of this responsibility, Mercialis places its centers right at the heart of their local ecosystem. They contribute to the economic development of the regions in which they are located, by generating local employment and by welcoming local non-profit organizations and initiatives.

Objective No. 1: promote local employment

Supporting jobs in the centers

Mercialis shopping centers are places of employment for many stakeholders: retailers, service providers, construction workers, etc.

Mercialis centers host more than 19,200 long-term jobs, generated by site retailers. In fact, 95% of shopping center jobs in France are on permanent contracts, higher than the national average of 85%⁽¹⁾. Mercialis also publicizes these local jobs by publishing job offers from retailers on each center's website. The Company increased the visibility of 72 job offers from its tenant retailers in 2020.

Furthermore, the centers' day-to-day management requires the involvement of numerous service providers (security,

cleaning, etc.). In 2020, nearly 400 jobs were associated with on-site services.

In total, Mercialis' shopping centers support more than 19,500 jobs which, by nature, cannot be relocated, making Mercialis a major job provider in the regions where it operates.

Promoting jobs around shopping centers

The Company is also proactive in its support of employment in its economic region. Every year, employment initiatives such as job fairs or job dating, are held at the centers. This year, Covid-19 health measures and lockdowns did not permit such events to be held.

EMPLOYMENT INITIATIVES

	Number of job vacancies	Share of shopping centers that implemented an employment initiative
Current scope	2018	31.4%
	2019	28.2%
	2020	0%

However, Mercialis has successfully carried out a project with *Pôle emploi* (French Employment Agency) and the *Apprentis d'Auteuil Océan Indien* at its Cap Sacré-Cœur site at Le Port (Reunion Island) to work towards youth inclusion. Between January and March 2020, Mercialis hosted the "SKOLA Vente" school shop, enabling 20 talented individuals aged between 18 and 28, for whom access to employment is particularly difficult, to follow a three-month training course. The course combined theory and practice to teach them the trade of sales advisor.

Boosting regions

During the first national lockdown, Mercialis continued to support jobs by providing local producers with free pop-up shops. They were thus able to carry on their businesses whilst waiting for local markets and shops to reopen. For example, at La Galerie Val Semnoz in Annecy, various producers were welcomed (producers of wine, local spirulina and derived products, natural donkey milk soaps), all in compliance with health and safety rules.

In 2020, Mercialis also set up four new partnerships with organizations that aim to work on practical measures to boost the economy of local regions, namely *Centre-Ville en Mouvement*, the *Fédération Nationale des Centres-Villes, Villes*

de France and *Initiative France*. As a partner of the *Initiative France* network, which has worked for over 30 years to promote business creation by supporting small business projects, the Company contributes to the renewal of the local economic fabric. Mercialis is also a partner of *Centre-Ville en Mouvement* and the *Fédération Nationale des Centres-Villes*, known as *Vitrines de France*, two organizations focusing on city-center retail. The Company takes part in discussions on local development in the regions where it operates. Through all of these initiatives, Mercialis is involved in helping to revitalize local shops by providing its expertise and tools, in addition to financial sponsorship.

Lastly, as part of its mixed-use property development activity, Mercialis maintains a regular dialog with all stakeholders in its projects: local authorities, local residents, local authority planners, etc. The Company listens to their expectations and takes a co-construction approach to ensure that its projects are fully integrated in the local area, in line with local urban and economic development issues. In 2020, Mercialis was involved in, and took part in, two public information meetings, alongside its developer and architect partners. In the specifications of the calls for tenders for its projects, the Company included a requirement to use local companies and a minimum number of hours of job integration in order to promote the return to work for people in difficulty.

(1) Source: CNCC, *Shopping centers, creating jobs and social ties, March 2017*.

Objective No. 2: facilitate social harmony

For Mercialis, being a local player also means promoting solidarity. Welcoming non-profit organizations at its centers helps the shopping centers blend into the life of the community and indirectly increase the centers' visibility and footfall.

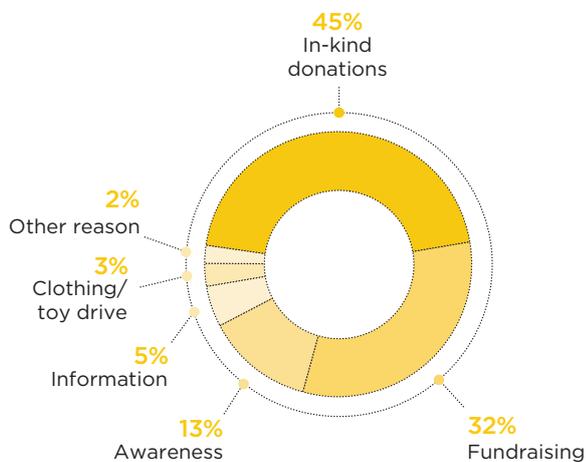
Mercialys provides support to non-profit organizations by providing them with free pop-up stores. The Company has been a partner of Doctors of the World since 2015. Through its regular presence in Mercialis' shopping centers, this non-profit organization recruited 1,595 donors in 2020, with annual donations totaling approximately Euro 280,000. This is approximately Euro 1,409,000 per year since the start of the partnership in 2015. In 2020, Mercialis also offered Doctors of the World an advertising insert in a real estate trade magazine to encourage donations.

In addition to this national partnership, Mercialis centers welcome numerous non-profit organizations throughout the year. They can organize collections of goods, fundraising, or other promotional or awareness-raising campaigns. They can be both national (food banks) and local in scope. In addition, in 2020, La Galerie Géant Quimper hosted a volunteering forum where 28 non-profit organizations had the opportunity to showcase their activities and recruit volunteers. In 2020, 93% of centers hosted one, or more, non-profit organizations. In total, these free spaces represent the equivalent of Euro 900,000 in rents granted by Mercialis. Combined with donations, partnerships and sponsorship, this amounts to more than Euro 990,000 in non-profit support.

LOCAL PUBLIC LIFE

		Number of non-profit organizations hosted	Share of centers that hosted a non-profit organization, by value
Current scope	2019	327	93.9%
	2020	193	92.9%

NON-PROFITS' REASONS FOR COMING TO CENTERS



In 2020, despite the fact that the health crisis restricted the physical presence of non-profits, Mercialis centers have multiplied their solidarity initiatives. At La Galerie Chateaufarine in Besançon, for example, an initiative supported retailers' businesses and strengthened local solidarity, whilst combating food waste. The retailers' association even bought unsold Easter eggs from the center's chocolate maker to offer them to front-line workers during the first lockdown: hospitals, ambulance staff, firefighters and police officers. La Galerie Hyper 19 in Brive and La Galerie Jumbo Saint-Benoît on Reunion Island set up reception areas for female victims of domestic abuse, in conjunction with the Secretary of State for gender equality, which welcomed and thanked Mercialis for this initiative.

The Company also supported the "one letter one smile" scheme in 2020. It consists of writing a letter to an elderly person residing in a care home to combat isolation during periods of national lockdown. The Company made a donation of Euro 1,000 and encouraged its visitors and employees to take part in this intergenerational solidarity project.

Lastly, in 2020, to continue their role as community living facilitators, 16% of shopping centers organized a community clothing drive. Over 5.4 metric tons of clothing were collected from customers and donated to the *Secours Populaire* and the French Red Cross.

2.9 Responsible value chain

Mercialys is aware that its CSR approach must involve the main players in its ecosystem: service providers and suppliers, tenant retailers and visitors. In addition to being an opportunity to unite them around common values, this enables the Company to limit legal and financial risks in the event of ethical incidents or non-compliance with regulations, as part of a vigilance-oriented approach across its entire value chain.

Although the Company is not subject to certain provisions of the *Sapin 2 Law*⁽¹⁾, or the law on the “duty of care”⁽²⁾, it voluntarily implements procedures to address issues that, whilst not being regulatory prerequisites, are inherent to business ethics.

Objective No. 1: 80% of purchases over Euro 10,000 with CSR clauses

Purchases represent a significant portion of a company's expenses and are, therefore, an effective lever for rolling out a corporate CSR policy. As a contracting company, Mercialis is not only responsible for the goods and services it purchases directly (from tier-one service providers), but also for those purchased on its behalf by its agents and service providers (tier-two and three service providers).

To ensure that the appropriate measures are in place for each purchasing category, Mercialis has structured its responsible purchasing approach around the following measures:

- mapping its purchases: the Company has identified the main categories of purchases made by Mercialis and its intermediaries;
- assessing its CSR risks and opportunities: each purchasing category was assessed with regard to five aspects of risk, making it possible to identify and rank the categories most at risk:
 - country risk, ethical risk,
 - environmental risk,
 - human rights risk,
 - risk related to personal health and safety,
 - risk related to economic ties;

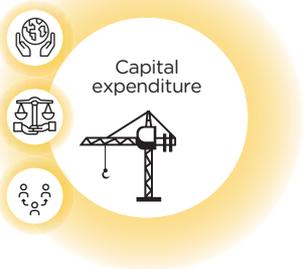
- developing management measures appropriate to the type and level of risk identified: Mercialis has defined the appropriate measures to be implemented to mitigate the risks or seize the opportunities identified. The Company relies on the tools it has designed (such as its “construction and maintenance specifications” or its ethics commitment letter);
- putting into practice the tools and procedures defined by Mercialis to comply with the letter's requirements: the Company has implemented these tools on an operational level, for example, by including specific CSR clauses in center contracts;
- monitoring the effective application of these measures: depending on the measures taken, Mercialis has set up reporting processes (requests for supporting documents) and carries out on-site audits (for example, security service provider audits), etc.

A summary of this mapping and the various aspects implemented for each purchasing category is presented opposite.

(1) Article 17 of Law No. 2016-1691 of December 9, 2016 relative to transparency, the fight against corruption and the modernization of economic life (the French *Sapin 2 Law*).
 (2) Law No. 2017-399 of March 27, 2017 relative to parent companies' and contracting companies' duty of vigilance.

MAPPING PURCHASES

MERCIALYS



	Technical management 84%	Rental management 16%	Acquisitions 74%	Works 14%	Other ⁽¹⁾ 12%	Marketing 57%	Consulting and audit 11%	Other ⁽²⁾ 32%
RANK 1	<p>Medium</p> <ul style="list-style-type: none"> Charter of Ethics CSR clauses Construction and maintenance specifications Reporting Audits 		<p>High</p> <ul style="list-style-type: none"> Charter of Ethics CSR clauses Construction and maintenance specifications Reporting 			<p>Low</p> <ul style="list-style-type: none"> Charter of Ethics Ethics commitment letter Annual ethics training for employees RPC checks⁽³⁾ Documentary review 		
	<p>Purchases of services for shopping centers</p>		<p>Purchases of project management/studies</p>					
RANK 2	<p>Security 40% Fluids 26% Other⁽⁴⁾ 34%</p> <p>High</p> <ul style="list-style-type: none"> Referencing process CSR criteria in tenders Specific CSR clauses Reporting Audits Documentary review 		<p>Compliance 65% Maintenance 32% Other⁽⁵⁾ 3%</p> <p>Medium</p> <ul style="list-style-type: none"> Low-environmental impact building site charter Construction and maintenance specifications Reporting 					
	<p>Purchases of products and materials</p>		<p>Purchases of products and materials</p>					
RANK 3	<p>Low</p> <ul style="list-style-type: none"> Materials specifications Construction and maintenance specifications Reporting 		<p>Medium</p> <ul style="list-style-type: none"> Materials specifications Construction and maintenance specifications Reporting 					
<p>Risk/opportunity categories</p> <p> Environment Ethics Social Economic </p> <p> Level of risk/opportunity Management tools Control systems </p>								

(1) E.g.: maintenance, tools, reports.
 (2) E.g. financial reporting, head office, operating costs, business travel.
 (3) RPC: Risk Prevention Committee.
 (4) E.g. cleaning, waste, green spaces.
 (5) E.g.: innovation, CSR.

Mercialys works with a large number of economic players to coordinate, operate and renovate its assets: property managers, communications agencies, delegated project management, etc. Some of these companies have direct contracts with Mercialis (tier-one service providers), while the services provided for its assets (tiers two and three) do not have a contract with the Company but with an intermediary.

These services are most likely to be affected by the risks previously identified. These services may present:

- social risks: stemming from undeclared work, forced labor or non-compliance with working hours;
- environmental risks: stemming from the use of products which are dangerous for people, or non-compliance with environmental regulations;
- ethical risks: risk of corruption;
- economic risks: risk of dependency.

Mercialys thus inserted CSR clauses into the two main contracts relating to its shopping centers, *i.e.* the property management agreement and the project and construction work execution agreement.

For example, the technical and property management agreement provides for the monthly tracking of energy and water consumption and waste production in Mercialis' reporting tool. The Company conducts a monthly review with the property manager to ensure the comprehensiveness of this reporting and analyze changes in consumption. The agreement also provides for quarterly reporting on the regulatory compliance of its sites, as well as annual monitoring of the quality of services and compliance with Mercialis CSR requirements for the main services purchased for its shopping centers. Under this contract, the property manager is also required to assist in the BREEAM In-Use certification of Mercialis' portfolio, and to help make tenants aware of the Company's CSR strategy.

Taking things one step further, Mercialis worked with its property manager to integrate CSR into calls for tenders for shopping center services. The cleaning contract thus requires the use of certified products, while the contract for the maintenance of the green spaces stipulates differentiated management, and the waste management contract requires monthly reporting. In 2020, 85% of shopping centers purchases had specific CSR clauses for each type of service.

SHOPPING CENTER RESPONSIBLE PURCHASING

	Share of shopping center purchases covered by CSR clauses	
Current scope	2018	79.6%
	2019	78.9%
	2020	85.5%

In 2020, Mercialis also launched a dialog process with its shopping centers' service providers, asking them to respond to a questionnaire to better assess their risk profile. With a 77% participation rate, it emerged that 82% are certified (quality, environment, or occupational safety) and/or follow a professional standard. In addition, half of the respondents to the questionnaire have been audited by an external firm and 88% carry out a self-assessment of their services.

Mercialys has also included all of its social and environmental requirements in its "construction and maintenance specifications" for projects and works. It was drawn up by the Company's teams and is appended to the delegated project management contract. This document stipulates all the requirements for the building's environmental certification, its energy performance, the sorting of construction waste, the certification of materials used, etc.

In addition, Mercialis' property management and project management service providers⁽¹⁾ are subject to both the *Sapin 2* Law and the "duty of care" law. They therefore have a corruption risk map and a vigilance plan, and implement strict measures in terms of referencing, evaluating and monitoring their purchases, providing Mercialis with additional assurances.

Lastly, the purchases required for Mercialis to operate are mainly intellectual services (consulting, marketing, IT, etc.) and can therefore generate ethical risks. In order to prevent these risks, the Ethics and Compliance Director updates a corruption risks map and measures are put in place to mitigate such risks. For example, the Company signs confidentiality agreements when the services purchased involve the sharing of certain information. In addition, in 2020, Mercialis asked its service providers to sign an ethics commitment statement, where they undertake to comply with the fundamental principles listed by the Company in terms of human rights, working conditions, ethics and environmental protection.

(1) Excluding Corsican assets (accounting for 4% of the portfolio).

RESPONSIBLE CORPORATE PURCHASING

	Share of corporate purchases covered by CSR clauses	
Current scope	2018	22.7%
	2019	21.4%
	2020	25.7%

Objective No. 2: build CSR awareness across the value chain

Downstream of its value chain, the Company also seizes the opportunity to raise awareness on CSR among its tenants and visitors. This approach helps to improve its assets' environmental footprint by taking a collaborative approach.

In 2020, a year marked by the renewal of Mercialis' CSR strategy, discussions on these topics were particularly rewarding. Indeed, a broad consultation of the Company's stakeholders was conducted, including employees, shopping center visitors, tenant retailers, investors and banks, local authorities and non-profits. These stakeholders were asked about the importance of the various CSR issues identified and proposed for a retail real estate company, and the perceived maturity of Mercialis on these issues, in order to continue to involve them in the Company's CSR approach.

Promoting awareness with retailers

Mercialis implements many initiatives to enhance cooperation with retailers, in particular on environmental issues. Firstly, the Company provides them with information documents. Work began in 2020 to update the welcome packs given to new tenants. These packs include a section on the center's CSR approach and eco-friendly practices. In addition, the Company has reworked and distributed a generic sorting guide to help

retailers easily identify what is recyclable and in which container to deposit their waste. It is accompanied by a waste booklet, specific to each center, specifying the location of waste sorting areas and practical information, such as safety instructions related to the use of equipment.

In order to encourage its tenants to reduce the overall environmental impact, Mercialis signed its first environmental lease clauses in 2013. They soon became standard for all new contracts signed and covering the entire premises (excluding amendments and exempt leases for less than one year).

The environmental clause provides, amongst other things, for the exchange of information between the lessor and the tenant and an action plan to improve the overall environmental performance of the building and the leased premises. In 2020, 93% of leases signed during the year included an environmental clause, bringing the share of leases with an environmental clause to 38% of the total number of Mercialis leases. As tenants' average lease length is relatively long, it will take time to roll out this clause across the entire Mercialis portfolio. Annual meetings were held to report on the progress of centers' CSR strategy to retailers at 79% of assets in 2020, facilitating the practical implementation of these environmental clauses.

ENVIRONMENTAL CLAUSES

	Share of leases with an environmental clause	Share of leases signed during the year covered by an environmental clause
Current scope	2015	61%
	2016	70%
	2017	100%
	2018	100%
	2019	94%
	2020	38%

In addition, Mercialis is continuing its proactive approach to recovering the energy consumption of its tenants. In 2020, the Company collected data on the consumption of 37% of its tenants in order to engage with the retailers concerned, by providing them with benchmark information and ways to improve their operations' energy performance.

In addition, for the second consecutive year, Mercialis organized a joint awareness-raising initiative with retailers

aimed at visitors of its shopping centers. During the European Sustainable Development Week, 81% of Mercialis' centers conducted an initiative to promote the CSR measures implemented by 473 volunteer retailers. Stickers or signs relaying these best practices have been placed at the entrances of the retailers concerned. They have also been posted on shopping center websites.

Promoting awareness with visitors

In an effort to make shopping center visitors aware of sustainable development challenges, Mercialys combines cross-functional center initiatives with local ones.

National measures rolled out across all assets include, for example, the dissemination to visitors of messages on alternative transport systems (public transport, charging stations for electric vehicles, etc.) or on the shopping centers' CSR performance. In 2020, 97% of centers provided such communications, whether *via* their website, social networks or display screens in shopping centers. Some also use frontages or windows to inform on the centers' CSR progress or BREEAM In-Use certification.

In addition, communication campaigns highlighting retailers' CSR best practices also help to raise visitors' awareness.

During the European Sustainable Development Week, a competition was organized where participants had the chance to win an indoor vegetable garden.

2020 was also the year that Mercialys shopping centers rolled out their new loyalty program, Prim'Prim'. A tree was planted for each new registration, in line with the partnership between Mercialys and Reforest'Action that begun in 2019. In total, 500 trees were planted in France in 2020. The Reunion Island shopping centers donated one Euro to the Kéré association for each account created. This non-profit organization provides emergency aid to Malagasy populations affected by drought.

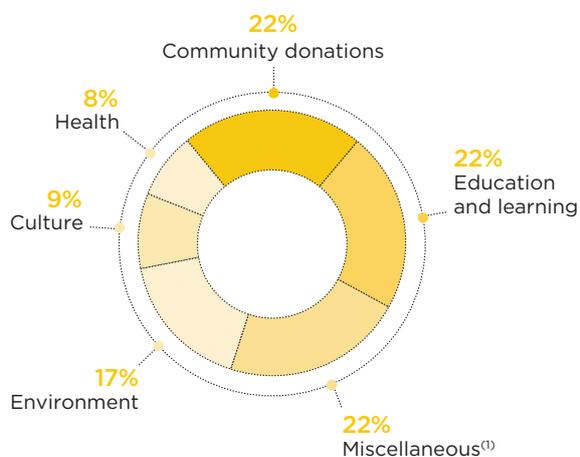
To supplement these Marketing Department campaigns, shopping center managements organize specific local events in line with CSR news: jobs forums, focus on jobs in the police, or promoting local public transport for instance.

CSR OPERATIONS

Share of shopping centers that have organized at least one CSR campaign during the year

	2019	2020
Current scope	68.9%	40.0%

BREAKDOWN OF CSR CAMPAIGNS BY THEME



(1) E.g.: raising awareness of blood donation, promoting local public transport, showcasing the activities of the gendarmerie.

Getting employees involved

Mercialys' ethics policy is led by the Ethics and Compliance Director, who is also the Company's Ethics Officer. It is based on the implementation of best practices to structure Mercialys' voluntary commitments in this area. The Company has formalized its commitments in its Charter of Ethics and code of conduct, available in French and English on its website: www.mercialys.com.

First of all, it states that the Company operates exclusively in mainland France, Corsica and Reunion Island. All its employees

work in France, a country that has strict regulations on many CSR topics, and has ratified the eight fundamental International Labour Organization (ILO) conventions. These relate, among other things, to the fight against discrimination in the workplace, freedom of association and the recognition of the right to collective bargaining, the elimination of all forms of forced or compulsory labor, and the abolition of child labor. Mercialys endeavors to scrupulously abide by these conventions and all current regulations. In addition to complying with regulations and as part of social dialog practices, Mercialys has signed agreements with employee representatives to increase employee protection, such as an agreement on gender equality.

Moreover, Mercialys has been a signatory to the UN Global Compact since 2018. This commitment demonstrates its desire to respect the ten universal principles relating to human rights, international labor standards, environmental protection and the fight against corruption, and to ensure that its suppliers and subcontractors do likewise.

As a leading player in shopping centers in France, Mercialys also sets out in its Charter of Ethics and code of conduct the guidelines to be followed by all its employees daily. The Charter addresses the following topics:

- respect for the environment and the measures implemented to reduce the Company's environmental footprint;
- prevention of conflicts of interests;
- fight against money laundering and financing of terrorism;
- fight against corruption;
- the duty of care;

- oversight of lobbying practices *via*, in particular, a responsible lobbying charter, insider information and the prevention of insider trading;
- non-financing of political life;
- protection of employees' health and safety;
- prevention of discriminatory actions and the right to union representation;
- the whistleblowing procedure.

This Charter is given to all new employees joining the Company. It is also posted on Mercialys' intranet and website in English and French.

A whistleblower protection procedure is also in place. Employees are reminded of this procedure on a regular basis. It guarantees confidentiality, as required by law, and allows whistleblowers to contact the Ethics Officer by telephone or dedicated email. In 2020, no reports were filed using this procedure, or spontaneously by employees. No breach or violation of ethical rules was reported. Employees are also free to ask the Ethics Officer about any issues that they may wish to raise.

Specific charters governing certain business lines or practices supplement the Charter of Ethics and the code of conduct. A responsible lobbying charter was developed in 2020. The Director of Development and Institutional Relations is responsible for lobbying activities and ensures that the influencing strategy does not generate conflicts of interests.

A register of meetings with external persons, and the reason for these meetings, is kept to ensure that the charter is applied correctly. Note that, based on its monitoring, Mercialys has reported no interest representatives to the HATVP⁽¹⁾ at the national level, as no-one within its workforce qualifies for this status, given the low frequency of contacts. Furthermore, with the aim of maintaining ethical, well-balanced business relations with retailers, Mercialys is a signatory of the NEGO4GOOD charter. This charter contains the four fundamental principles of ethical and responsible negotiation⁽²⁾.

To ensure that Mercialys' ethics policy is properly disseminated, training is provided annually to all employees. The training explores one, or more, topics depending on the regulatory news that year. In 2020, it focused on all ethical risks with a specific focus on cybercrime, and was rolled out to 97% of employees.

In addition, Mercialys continued to involve its employees in its CSR policy. 74% of them were trained in CSR, Mercialys' policy in this area and its resources. To ensure the full commitment of employees in the implementation of its CSR strategy, Mercialys has, since 2017, included CSR criteria in individual annual objectives. These criteria are specific to each department. In 2020, 100% of employees had a CSR objective, representing between 5% and 20% of their annual bonus. This objective is quantitative for managers, and qualitative for non-managers.

INVOLVEMENT OF EMPLOYEES

		Share of employees trained in ethics	Share of employees with an individual CSR objective
Current scope	2018	84%	-
	2019	83%	100%
	2020	97%	100%

In 2020, the various departments also increased their involvement in shopping centers' CSR performance review processes. An in-depth monthly analysis of the environmental performance of 84% of assets was introduced in 2020 in order to assess and manage energy and water consumption and waste production performances. It is shared between

Mercialys shopping center management and its property manager, at both operational and managerial levels. In addition, the shopping center management and asset manager presented the results of the MERY'21 CSR strategy for all shopping centers to Senior Management during reviews of business plans by asset.

(1) The French authority for transparency in public life.

(2) More information on these commitments is available on their website: <http://www.nego4good.com/>

2.10 Talents and diversity

In a tight job market where competition for talents is stiff, Mercialys needs to have proactive compensation and training policies that attract and retain talent. The Company must also be able to train its employees for major changes in their jobs and identify their needs to better help them grow and lay the groundwork for the Company's future.

The social policy, which encompasses the main guidelines for the Company's effective human resources management, includes all of Mercialys' commitments in this regard. This policy is published on the Company's website.

The Company's workforce increased in 2020 (+16.2% compared to 2019). This change is consistent with the gradual internalization of development, management control,

accounting, IT and human resources management functions. These functions were previously subcontracted *via* a Service agreement with the Casino group (see chapter 6.2, p. 344 of this Universal Registration Document for further details).

The majority of the Company's workforce (84%) has permanent contracts (CDI). The 20 employees on fixed-term contracts (CDD) include apprenticeship and vocational training contracts (14 contracts in 2020), as Mercialys has a proactive policy regarding training and helping young people access the jobs market.

In addition, Mercialys took on four interns and nine temporary employees in 2020.

DISTRIBUTION OF WORKFORCE BY TYPE OF EMPLOYMENT CONTRACT

	2020		2019		2018		2017		2016		2015		Change 2019-2020
Staff with permanent employment contracts (CDI)	109	84%	93	84%	97	90%	97	86%	95	83%	91	96%	+17.2%
Staff with temporary employment contracts (CDD)	20	16%	18	16%	11	10%	16	14%	20	17%	4	4%	+11.1%
TOTAL STAFF	129	100%	111	100%	108	100%	113	100%	115	100%	95	100%	+16.2%

Objective No. 1: identify, attract and retain talents

STAFF TURNOVER

	2020	2019	2018	2017	2016	2015	Change 2019-2020
Permanent staff turnover	13.9%	22.1%	10.2%	14.2%	14.4%	17.0%	-37.1%

Compensation policy

To increase its appeal and retain its employees, Mercialys has an incentive-based compensation policy in place which is designed to be attractive compared to that of other companies in the sector.

The compensation for Mercialys' managers is made up of a fixed component and a variable component. The variable component can represent from 8% to 80% of the fixed component and is correlated to the achievement of three types of objectives, assessed at the start of the following year:

- for 20% of the variable component: quantitative objectives related to the Company's results;
- for 60% of the variable component: individual quantitative and qualitative objectives related to the employee's performance assessed by their manager. One of these quantitative objectives assesses the employee's execution of the CSR strategy, depending on their particular job;

- for 20% of the variable component: qualitative objectives related to the Managerial Attitudes and Conduct (ACM) that the Company expects from each of its employees. The ACM approach is structured around the following five keywords: Leadership, Innovation, Decision-making, Commitment and Customer Responsibility. They encompass all the professional qualities that Mercialys considers essential to individual and collective success.

Moreover, in 2016, Mercialys introduced a bonus share plan to help retain employees. In 2020, a global share allocation plan was introduced for all eligible employees. 188,433 shares were distributed free of charge.

In addition, since 2019, Mercialys has set up a Company savings plan through an agreement under which the Company matches the amounts paid in by employees.

BONUS SHARES

	2020	2019	2018	2017	2016	2015	Change 2019-2020
Number of shares distributed	188,433	72,890	83,199	83,947	42,464	0	+158.5%

Recruitment and onboarding policy

Recruitment and talent onboarding are fundamental issues for the Company. In 2020, Mercialis 44 new employees including 28 on permanent contracts. The Company uses specialized recruitment firms, depending on the type of profile and managerial level sought.

Particular attention is paid to the onboarding of new employees. The welcome pack and onboarding process welcome all new employees in a way that is tailored to the needs and specific nature of their role, so they can understand how the Company works.

Training policy

Employee training is a vital tool for ensuring that the Company is agile and able to adjust quickly to market changes. It is also a factor that sets the Company apart and stimulates employee loyalty. Mercialis' training policy is structured around two areas:

- development of employees' skills and knowledge;
- support for employees during the course of their career or profession.

In order to assess their needs, employees are given the opportunity to state their training requests during their annual performance and professional development review. Training, whether certified or otherwise, can also be

formulated on a case-by-case basis by managers according to the needs identified for their employees, to ensure that they have the level of skills required should their current position changes or for a planned future role.

In 2020, Mercialis set up a digital platform on which individual employees can select the course that they require from a wide range of courses. This solution, made available to all, increases agility and simplifies access to training.

Employees and managers engage in their training. As in previous years, employees have access to:

- specific face-to-face training for the various business activities (real estate finance, commercial negotiation, management, etc.);
- cross-functional face-to-face training, which may be useful for all employees (communication, languages, etc.);
- training *via* e-learning, distance learning, Mooc or Webinar.

Internal training capitalizing on the expertise developed within the Company and promoting experience sharing is also encouraged.

In 2020, 100% of employees took part in one or more training programs.

In addition to training, this new platform allows the digitization of professional interviews and annual performance appraisals *via* an interactive interface, promoting effective dialog between managers and employees.

TRAINING

	2020	2019	2018	2017	2016	2015	Change 2019-2020
Share of employees trained	100%	99%	100%	100%	52%	62%	+1.0%

Objective No. 2: combat all forms of discrimination

Mercialis believes that diversity is a source of emulation and innovation, and is at the foundation of a socially and economically successful company. Promoting diversity and equal opportunity helps to develop a management that respects differences and is grounded in trust. This improves team cohesion, which is fundamental for a better "living together" and therefore business performance.

The Company is committed to preventing discrimination for any reason, and in particular to ensuring that no distinction is made between employees based on their age, gender, social, cultural, ethnic, racial or national origin, religious or political

views, trade union activities, family situation, sexual orientation, health or disability. As a signatory to the Corporate Diversity Charter, it undertakes to:

- educate and train managers and all employees about nondiscrimination and diversity issues;
- promote the enforcement of the principle of nondiscrimination in all its forms in all actions by management and in all Company decisions, particularly in all stages of human resources management;

- encourage the representation of diversity in all its differences and variety, within the workforce and at all levels of responsibility;
- communicate its commitment to all of its employees, customers and suppliers in order to encourage them to adopt this approach;
- make the development and implementation of the diversity policy a subject of social dialog with the employee representatives;

- regularly assess the progress made and communicate on this progress internally and externally.

In this context, an employee awareness campaign is launched each year. In 2020, 97% of Mercialis employees were trained in the fight against all forms of discrimination. This training included a reminder of the regulatory framework, as well as practical examples. In addition, recruitment managers were trained in non-discriminatory recruitment in 2020.

Gender equality

Women make up 57% of Mercialis' workforce and 45% of managers.

BREAKDOWN OF WORKFORCE BY GENDER

	2020		2019		2018		2017		2016		2015		Change 2019-2020
Female managers	41	45%	33	42%	34	41%	37	44%	35	44%	31	40%	+24.2%
Male managers	50	55%	45	58%	49	59%	48	56%	45	56%	46	60%	+11.1%
Female employees	12	86%	12	75%	9	82%	13	87%	13	59%	4	67%	0.0%
Male employees	2	14%	4	25%	2	18%	2	13%	9	41%	2	33%	-50.0%
Female supervisors	21	88%	16	94%	14	100%	13	100%	13	100%	12	100%	+31.3%
Male supervisors	3	12%	1	6%	0	0%	0	0%	0	0%	0	0%	+200%
TOTAL WOMEN	74	57%	61	55%	57	53%	63	56%	61	53%	47	49%	+21.3%
TOTAL MEN	55	43%	50	45%	51	47%	50	44%	54	47%	48	51%	+10.0%

Mercialys endeavors to make gender equality a reality when it comes to compensation, training and access to promotions. In order to ensure similar changes in compensation, the average salary increase expected by the collective

agreements is automatically applied to the salaries of women during their maternity leave. Finally, during maternity and paternity leave, Mercialis makes up the entire salary differential not covered by social security.

GENDER EQUALITY INDEX

Since 2019, French companies have increasingly been required to calculate and publish a gender equality index. Designed as a tool to put an end to professional inequalities, this index measures the gaps in pay and status between women and men in companies. If they score less than 75 points out of 100, they have to take corrective measures to enable them to score at least 75 points within three years.

Although not bound by this obligation⁽¹⁾ Mercialis nevertheless wanted take part in this initiative and publish this index. To do so, the Company complied with the methodology set out by the French Ministry of Labor, Employment and Economic Inclusion.

	2020	2019	Change 2019-2020
Equality index, score out of 100 points	96	92	+4.3%

The national average score in the index was 87/100 on February 5, 2021. Mercialis is, therefore, one of the best companies in this regard, with a score of 96/100. The Company was also ranked in fourth position in 2020 for being one of the most virtuous listed companies in terms of the

number of women serving on governing bodies and professional equality, according to the data from the Secretary of State for gender equality and the fight against discrimination.

(1) As Mercialis is not structured as an economic and social unit, it does not exceed the workforce threshold set by the public authorities requiring the publication of this index.

EQUAL PAY

Equal pay for women and men is at the heart of Mercialys' compensation policy.

In order to take into account the specific profile of each business and to analyze the pay gap in greater detail, it appeared relevant and more accurate to measure that gap in six major business lines, encompassing all of the Company's management-grade employees. These six main business lines

are asset management, letting, finance and support, operations, marketing and projects. The average difference is shown below.

To take into account the introduction of this new calculation method for 2020, the previous years' figures are shown with changes calculated according to this new methodology.

	2020	2019	2018	2017	2016	2015	Change 2019-2020
Managerial pay differential (Women vs. Men)	-1.2%	+3.9%	+4.1%	+1.7%	-7.8%	-0.6%	-12.9%

Note that the Company's low workforce makes its results highly volatile. A rolling reading over three years gives a better understanding of the impact of staff turnover and makes it possible to smooth out these impacts.

	2018/2020	2017/2019	2016/2018	2015/2017
Managerial pay differential (Women vs. Men)	+2.28%	+3.23%	-0.66%	-2.23%

EQUALITY IN MANAGEMENT

	2020	2019	2018	2017	2016	2015	Change 2019-2020
Women on the Management Committee	8 50%	7 50%	2 22%	2 22%	2 22%	1 14%	+14.3%
Women on the Board of Directors	5 50%	6 55%	6 55%	6 50%	5 42%	4 36%	-16.7%

Mercialys is implementing an ambitious policy in terms of management diversity, driven by the commitment of Senior Management. In addition to ensuring the equal pay mentioned above, this policy aims, in particular, to maintain the highest standards in terms of balanced representation of women and men within management bodies. Women made up 50% of the Management Committee and 50% of Mercialys' Board of Directors at the end of 2020. Women also chair the three Specialized Committees assisting the Board of Directors (Strategy and Transformation Committee, Audit, Risks and Sustainable Development Committee, and Appointments, Compensation and Governance Committee). For further information, see chapter 4, § 4. & 4.1.1.2 p. 237.

Disabilities

Mercialys' policy concerning the employment of disabled workers focuses on two areas:

- the development of partnerships to accommodate interns or young graduates with disabilities;
- awareness-raising among employees and managers.

In 2020, Mercialys had one disabled employee in its workforce. In addition, the Company indirectly contributes to the employment of disabled people by using companies in the protected sector for services provided at its shopping centers (such as the maintenance of green spaces and cleaning).

EMPLOYEES WITH DISABILITIES

	2020	2019	2018	2017	2016	2015
Number of disabled employees	1	1	0	0	0	0

In 2020, Mercialys renewed its two partnerships with non-profit organizations dedicated to the employment of people with disabilities.

The first partnership, signed with Arpejeh, mainly concerns junior high-school students. Arpejeh is dedicated to promoting the training, qualification and employment of young people with disabilities.

The second partnership was signed with Tremplin, whose aim is to get companies involved in the preparation of the professional integration of people with disabilities currently in education. It particularly targets senior high-school students and young people on work-study programs or looking for their first job. Under this partnership, one disabled student on a work-study program joined Mercialys' teams in 2019 and 2020.

Age

Lastly, intergenerational balance is also a component of diversity. In 2020, the average age of Mercialys' employees was 38.

BREAKDOWN OF WORKFORCE BY AGE

	2020		2019		2018		2017		2016		2015		Change 2019-2020
Workforce under 30	42	33%	37	33%	22	20%	33	29%	36	31%	16	17%	+13.5%
Workforce aged between 30 and 50 (inclusive)	67	52%	54	49%	68	63%	63	56%	65	57%	68	72%	+24.1%
Workforce over 50	20	16%	20	18%	18	17%	17	15%	14	12%	11	12%	-

2.11 Organization and quality of life at work

Mercialys is convinced that a high-quality work environment is conducive to employee well-being, commitment and productivity.

To this end, in 2020, Mercialys signed several agreements with its social partners:

- a teleworking agreement extending the number of days when teleworking is possible;
- an agreement on the organization of working time, reducing the number of annual working days for those on executive pay packages in order to fulfil Company requirements whilst recognizing employee aspirations;
- an agreement on time savings account;
- an agreement on social dialog, so as to maintain high-quality social dialog by reasserting the importance of the role of employee representatives and setting the basic principles of collective bargaining;

- an agreement on gender equality and quality of life at work, focusing on the following areas: pay gaps, recruitment, access to training, work-life balance, raising awareness and combating sexism.

In addition, the Company's employees are covered by the following agreements:

- an agreement on the supplementary health insurance scheme, setting the terms and conditions of health insurance;
- a welfare scheme enabling employees to receive benefits on top of those paid by social security organizations;
- an agreement on the introduction of a Company savings plan, setting the allocation rules and the matching contribution paid by Mercialys;
- a mandatory annual bargaining agreement (NAO) for 2020 covering employee benefits, working conditions and compensation.

Objective No. 1: ensure employee health and safety

Mercialys pays heed to its employees' health and well-being by guaranteeing them a good work-life balance, thus maintaining a low absenteeism rate, and employs a thriving workforce with people more engaged in their work and committed to satisfying their customers.

In 2020, as has been the case for the last five years, Mercialys recorded no fatal work-related accident and no work-related accident resulting in lost time of at least one day.

Due to regular travel by shopping centers' managers, special attention is given to road safety. A comprehensive initiative – including an information booklet entitled “on the road memo”, a guide on the “10 eco-driving tips” and the option to follow specific training sessions – has been introduced to raise employee awareness about the dangers of driving and to remind them how to drive safely.

WORKPLACE HEALTH AND SAFETY

	2020		2019		2018		2017		2016		2015		Change 2019-2020
Number of fatal accidents	0		0		0		0		0		0		-
Number of road accidents	0		0		0		0		0		0		-
Number of occupational diseases	0		0		0		0		0		0		-
Number of work-related accidents resulting in lost time of at least one day	0		0		0		0		0		0		-
Absenteeism rate	3.5%		4.4%		4.7%		3.3%		3.3%		3.9%		-20.5%

When it comes to psychosocial risks, several systems have been put in place:

- actions to eliminate the risk, such as a listening approach implemented by managers;
- measures to reduce the risk, such as the introduction of teleworking for head office employees and a "Charter on the Right to Disconnect". This charter outlines the right to disconnect and sets out best practices for avoiding stress caused by excessive use of digital devices at work;
- the whistleblowing system, which enables inappropriate behavior to be reported to the Ethics Officer with full anonymity *via* a specific channel;
- the provision of a general guide to raise awareness on the prevention of occupational risks.

Moreover, the collective agreements relating to the health and benefit plans were renegotiated in order to provide employees with better coverage, largely defrayed by the Company. Employees were involved in the choice of insurance company as a result of a survey conducted by the Human Resources Department.

In addition, for Mercialis' new head office, all of the furniture and computer hardware was renewed in 2019. For the greater comfort of employees, they were asked to vote for the most ergonomic office chairs, which they were able to test in the offices. Furthermore, convinced that the quality of the work environment has an impact on the performance of employees, Mercialis increased the number of common areas and meeting space formats creating an inclusive open-plan interior architecture conducive to sharing and interaction.

Lastly, since 2019, Mercialis has paid for an annual subscription to a gym network for all its Paris employees to encourage them to exercise.

Mercialis implemented teleworking in 2017 to further improve its employees' work-life balance. At the end of 2020, and excluding lockdown periods, 51% of eligible employees, *i.e.* 38 employees, worked from home one day a week. In 2020, the health situation resulted in teleworking becoming more widespread, outside the signing of these amendments.

Indeed, this system and the teleworking tools made available enabled employees to effectively manage the periods of lockdown that impacted 2020. On this basis, several teleworking phases took place during the year, in line with various Government communications on measures to be taken in the context of the Covid-19 epidemic, namely:

- from March 12, 2020: the introduction of generalized teleworking for all employees at the head office and in Saint-Etienne;
- from June 2, 2020: resumption of face-to-face work with teleworking extended to two days a week. Particular attention was paid to preventive measures, namely the regular use of hydroalcoholic gel, the supply of masks, physical distancing and the maximum number of people attending meetings in one room;
- from October 29, 2020: once again mandatory teleworking for head office employees.

As regards Mercialis shopping center teams, distancing instructions and health rules are the same as those applied at head office. Video-conference meetings are also preferred. Given the specific "on-site" nature of these jobs, the teams were asked to reduce their time at the shopping centers, allowing them to perform all administrative tasks remotely. In order to reduce the risk of Covid-19 contamination, travel to sites was optimized to avoid overnight stays at hotels wherever possible.

Objective No. 2: develop employee commitment

Mercialis conducts a commitment survey with its employees on a regular basis. This survey assesses employee satisfaction and commitment on the basis of a number of aspects such as management, the quality of working relationships and relations between colleagues. This year additional questions were asked about the Company's management of the

Covid-19 pandemic. Over 83% of employees felt that the crisis had been well-managed by the Company.

In 2020, the participation rate was 81%, up on the previous survey.

EMPLOYEE COMMITMENT

	2020	2018
Rate of participation in the most recent commitment survey	80.9%	76.2%

The Company encourages its employees to show solidarity and engage in charitable activities, as it is convinced that this can have a positive impact on their professional commitment. Mercialis continued its two partnerships with non-profit organizations, focusing on youth employment and equal opportunities. The first such partnership was with Institut Télémaque, which strives to promote equal opportunities in education by supporting youths from modest backgrounds, starting in junior high-school. The second was signed with the non-profit organization Article 1, which offers youths personalized educational support with a professional mentor, in order to help them make a success of their professional integration, and in particular to find their first job.

In addition, all Mercialis employees also have the opportunity to show support by donating days of leave to colleagues who have a relative (young or old) in need of constant care.

Finally, because Mercialis firmly believes that creating an environment that is comfortable for working parents helps to bolster employee loyalty, it signed the "Corporate Parenthood Charter". This year, as a result of the Covid-19 pandemic, planned events such as "Corporate Parenthood Day" as well as various team bonding events could not be held in order to respect the Company's health protocol.

Appendices

1 Additional information and data

1.1 Voluntary procedures implemented by the Company in respect of regulations which do not apply to it

Over recent years, several fundamental aspects of corporate life have become the subject of regulations relative to business ethics and corporate responsibility, in the aim of encouraging companies to better incorporate these aspects into their strategic reflection and action plans.

Due to its size, its business segment and/or its exclusively French activities, Mercialis is exempt from a certain number of these regulations. Nevertheless, as a responsible company, Mercialis is voluntarily implementing certain policies, procedures and action plans to address issues that, while not being regulatory prerequisites, are inherent to business ethics.

The Company has voluntarily adopted best practices, although it is not subject to the following regulations:

- **Article L. 225-102-1 of the French Commercial Code instituting the Extra-Financial Performance Statement (DPEF)**

In chapter 2 of its Universal Registration Document, Mercialis voluntarily presents the information required under the DPEF. This information is also audited on a voluntary basis. Note that, due to the nature of its business, Mercialis does not present any information on tax evasion. Mercialis operates solely in France, where all its employees are based. Moreover, it is subject to the SIIC tax regime specific to listed real estate investment companies, exempting it from corporation tax on income from most of its activities, subject to predetermined conditions.

For further details, please refer to the cross-reference table on chapter 9, § 9.4.5, p. 463.

- **Article 17 of Law No. 2016-1691 of December 9, 2016 relative to transparency, the fight against corruption and the modernization of economic life (the French Sapin 2 Law)**

All of Mercialis' assets are located in France, a country with a strict legal environment with regards to the fight against corruption. According to the corruption perception index published by Transparency International in 2020, France ranks 23rd out of 180 countries. Moreover, Mercialis is a signatory to the United Nations Global Compact, under which it has undertaken to respect and ensure respect for universal principles including those concerning the fight against corruption, throughout its value chain. The real estate sector is considered a high-risk sector in terms of potential corruption. All corporate functions may be affected by this risk. Accordingly, the fight against corruption represents a major focus for Mercialis and is based on the following:

- measuring specific corruption risks *via* a dedicated map compiled by the Compliance and Ethics Director (also Ethics Officer) and the Internal Control Manager. It is prepared following regular discussions with all Mercialis departments and its main service providers. An analysis

and update is performed on a regular basis by the Risk Prevention Committee which is chaired by Mercialis' Chief Executive Officer, and reporting to the Audit, Risks and Sustainable Development Committee,

- control and assessment procedures at operational and financial levels. These procedures include in particular 1/ the limitation of the power to make commitments on behalf of the Company, 2/ the validation process by several departments of expenditure and transactions with tenants, and 3/ the capacity restricted to four persons within Senior Management, to make payments on behalf of Mercialis,
- the existence of a whistleblowing procedure, of which employees are reminded on a regular basis and which guarantees the legally required confidentiality (see p. 113),
- a Charter of Ethics and code of conduct, appended to the Internal Rules and describing prohibited conduct, in particular that relating to corruption and influence-peddling. This document is given to all new employees and regularly redistributed, and is the subject of an annual training session (see p. 112 et seq.),
- a responsible lobbying charter, committing the Company and its employees (as well as its service providers, if applicable) to any discussions that may be held with public officials (see p. 113).
- **Law No. 2017-399 of March 27, 2017 relative to parent companies' and contracting companies' duty of care**

In its business activities, Mercialis is committed to responsible purchasing and vigilance with regard to its value chain. This enables the Company to actively involve its stakeholders in its CSR endeavors. It can thus prevent abuses and mitigate risks in related areas such as ethics, human rights, the health and safety of people, and the environment.

The Company is a signatory to the UN Global Compact, under which it has undertaken to comply, and ensure compliance throughout its value chain, with ten universal principles relating to human rights, the environment, international labor standards and the fight against corruption. Mercialis is also a signatory to the NEGO4GOOD Charter for ethical and responsible business negotiations. Moreover, the Company's Charter of Ethics and code of conduct includes the subject of the duty of care that the Company has chosen to follow.

To honor these commitments, Mercialis is working on introducing a vigilance procedure based on the following:

- the precise mapping and monitoring of the nature of the Company's expenses in order to identify and assess the most significant purchases with regard to its responsibility in terms of human rights, health and safety and the environment (see p. 108 et seq.). An analysis and update is performed on a regular basis by the CSR Department, which reports notably to the Audit, Risks and Sustainable Development Committee,

- the adoption of measures aimed at preventing and mitigating identified risks, for example through the insertion of CSR clauses in major calls for tenders and service provision contracts, such as for property management or the execution of projects and construction work in the shopping centers (see p. 108 et seq.); or through the review of contracts and procedures to ensure their compliance with the GDPR (see p. 103),
- the monitoring of these measures and the conduct of assessments and specific audits, such as external audits on the safety of each center, comprising monitoring the implementation of any corrective measures, which can lead to the termination of the contract in the event of non-compliance with these measures (see p. 102 et seq.), preventive environmental assessments going beyond regulatory requirements (see p. 103), and audits on the quality of the main services in the centers (see p. 109 et seq.),
- the existence of an internal whistleblowing system, of which employees are reminded on a regular basis and which guarantees confidentiality (see p. 113).

- **Law No. 2018-771 of September 5, 2018 “professional future” on gender equality in the workplace**

As a responsible employer, Mercialis seeks to promote diversity at all levels of the Company and to ensure professional equality between all employees, regardless of their age, gender, social, cultural, ethnic, racial or national origin, religious or political views, trade union activities, family situation, sexual orientation, medical condition or disability. These commitments are included in its Charter of ethics and code of conduct, which is distributed to all Company employees, and is available in French and English on its website. It is also a signatory of the “Corporate Diversity Charter”.

In line with this commitment, Mercialis calculates and publishes its gender equality index score voluntarily, as a multi-criteria performance indicator that is comparable between all French companies. To this end, the French Ministry of Labor, Employment and Economic Inclusion methodology was applied (see p. 116).

1.2 Summary and additional indicators

CSR STRATEGY
PRIORITY ISSUES

INDICATOR	SCOPE	EPRA CODE	UNIT	2015	2016	2017	2018	2019	2020
Energy consumption	○		MWh	64,330	60,421	54,611	54,020	54,050	46,695
	□		MWh	46,002	43,883	44,021	43,293	40,691	35,943
Electricity consumption	○	Elec-Abs	MWh	45,175	44,141	41,578	41,683	41,339	36,395
	□	Elec-LfL	MWh	34,882	34,359	33,647	33,162	31,525	27,882
Gas consumption	○	Fuels-Abs	MWh	17,847	14,818	11,468	10,734	10,806	8,676
	□	Fuels-LfL	MWh	9,736	8,062	8,808	8,529	7,261	6,436
Urban heat consumption	○	DH&C-Abs	MWh	1,309	1,462	1,565	1,603	1,905	1,625
	□	DH&C-LfL	MWh	1,383	1,462	1,565	1,603	1,905	1,625
Energy intensity per unit area	○	Energy-Int	kWh/sq.m.	197.4	195.2	191.4	186.1	179.9	163.8
	□	Energy-Int	kWh/sq.m.	186.6	182.9	181.8	179.2	168.0	151.7
Usage energy intensity	○	Energy-Int	kWh/visitor	0.4	0.4	0.4	0.4	0.4	0.4
	□	Energy-Int	kWh/visitor	0.4	0.4	0.4	0.4	0.4	0.4
Climate-restated energy consumption	○		MWh	31,684	28,225	29,484	30,500	30,544	28,040
	□		MWh	27,329	24,560	25,047	25,015	23,587	22,195
Share of energy consumption from renewable sources			%			9.1	10.0	10.5	13.4
Photovoltaic production			MWh	44,334	47,829	51,736	50,539	50,097	48,648
Percentage of portfolio with a photovoltaic power plant, by value			%	30.1	38.1	38.8	38.0	37.4	36.5
Scope 1 greenhouse gas emissions	○	GHG-Dir-Abs	tCO ₂ eq.	3,046	2,854	2,116	2,149	2,255	1,945
	□		tCO ₂ eq.	1,959	1,558	1,455	1,434	1,300	1,221
Scope 2 greenhouse gas emissions, location-based	○	GHG-Indir-Abs	tCO ₂ eq.	2,280	4,409	4,251	4,383	4,888	4,377
	□		tCO ₂ eq.	2,029	1,838	1,730	1,771	1,752	1,616
Scope 2 greenhouse gas emissions, market-based	○	GHG-Indir-Abs	tCO ₂ eq.			4,530	4,132	4,507	4,145
Scopes 1 & 2 greenhouse gas emissions, location-based	○		tCO ₂ eq.	5,326	7,263	6,367	6,532	7,143	6,322
	□		tCO ₂ eq.	3,989	3,396	3,184	3,205	3,053	2,837
Scopes 1 & 2 greenhouse gas emissions, market-based	○		tCO ₂ eq.			6,646	6,281	6,762	6,090
Scopes 1 & 2 areal carbon intensity, location-based	○	GHG-Int	kgCO ₂ eq./sq.m.	24.5	27.8	25.1	22.7	22.7	20.9
	□	GHG-Int	kgCO ₂ eq./sq.m.	23.6	21.0	19.4	19.5	18.5	17.8
Scopes 1 & 2 areal carbon intensity, market-based	○	GHG-Int	kgCO ₂ eq./sq.m.			23.3	21.8	21.5	20.1
Scopes 1 and 2 carbon intensity of use, location-based	○	GHG-Int	kgCO ₂ eq./visitor	52.1	56.0	54.7	47.6	49.5	51.6
	□	GHG-Int	kgCO ₂ eq./visitor	54.4	45.0	40.9	44.0	41.7	47.9
Greenhouse gas emissions related to tenants' energy consumption			kgCO ₂ eq./sq.m.			51.5	53.2	71.6	71.3
Greenhouse gas emissions linked to employees' travel			tCO ₂ eq.			289.0	321.0	190.0	92.6
Greenhouse gas emissions relating to the management of operations waste			tCO ₂ eq./metric ton			0.3	0.2	0.2	0.2
Greenhouse gas emissions from upstream production		GHG-Indir-Abs	tCO ₂ eq.						1,042

○ Current □ Like-for-like



CSR STRATEGY
PRIORITY ISSUES

	INDICATOR	SCOPE	EPRA CODE	UNIT	2015	2016	2017	2018	2019	2020	
 Asset resilience and adaptability	Share of BREEAM In-Use certified shopping centers by value	Cert-Tot		%	28.4	28.2	45.9	55.6	68.3	77.4	
	Share of BREEAM In-Use certified shopping centers, by surface area	Cert-Tot		%		18.2	42.6	49.2	61.1	73.8	
	Number of BREEAM In-Use certified shopping centers	Cert-Tot			5	5	22	23	26	23	
	Share of BREEAM New Construction certified shopping centers by value	Cert-Tot		%	0.0	0.0	7.5	7.7	7.4	7.3	
	Number of BREEAM New Construction certified shopping centers	Cert-Tot			0	0	1	1	1	1	
 Circular economy	Total quantity of waste	 Waste-Abs		metric tons	5,870	6,695	6,743	7,772	8,519	7,348	
		 Waste-LfL		metric tons	4,572	4,895	4,852	5,404	5,365	4,569	
	Quantity of non-hazardous industrial waste	 Waste-Abs		metric tons	4,568	5,282	5,125	5,921	6,425	5,517	
		 Waste-LfL		metric tons	3,546	3,791	3,679	4,144	4,153	3,559	
	Quantity of cardboard	 Waste-Abs		metric tons	1,261	1,372	1,520	1,718	1,883	1,631	
		 Waste-LfL		metric tons	1,006	1,081	1,139	1,205	1,185	963	
	Quantity of plastic	 Waste-Abs		metric tons	19.3	23.2	32.7	37.1	25.6	24.7	
		 Waste-LfL		metric tons	19.3	23.2	28.1	32.1	15.9	11.7	
	Quantity of biodegradable waste	 Waste-Abs		metric tons	22.0	16.6	60.7	82.3	80.0	91.3	
		 Waste-LfL		metric tons	0.0	0.0	0.0	9.7	5.6	23.9	
	Quantity of paper	 Waste-Abs		metric tons	0.0	0.0	0.0	0.0	0.0	0.0	
		 Waste-LfL		metric tons	0.0	0.0	0.0	0.0	0.0	0.0	
	Quantity of wood	 Waste-Abs		metric tons	0.0	0.0	5.0	5.1	14.2	20.8	
		 Waste-LfL		metric tons	0.0	0.0	5.0	5.1	3.6	8.2	
	Quantity of glass	 Waste-Abs		metric tons	0.0	0.0	0.0	8.0	2.5	3.2	
		 Waste-LfL		metric tons	0.0	0.0	0.0	8.0	2.5	3.2	
	Quantity of metal	 Waste-Abs		metric tons	0.0	0.0	0.0	0.0	0.0	0.8	
		 Waste-LfL		metric tons	0.0	0.0	0.0	0.0	0.0	0.0	
	Quantity of other waste	 Waste-Abs		metric tons	0.0	0.0	0.0	0.0	89.4	59.4	
		 Waste-LfL		metric tons	0.0	0.0	0.0	0.0	0.0	0.0	
	Waste sorting rate	 Waste-Abs			%	22.2	21.1	24.0	23.8	24.6	24.9
		 Waste-LfL			%	22.4	22.6	24.2	23.3	22.6	22.1
	Waste recovery rate	 Waste-Abs			%	28.1	18.5	33.0	47.8	59.3	50.7
 Waste-LfL				%	24.1	14.2	23.6	40.6	49.3	46.7	
Share of recycled waste	 Waste-Abs			%	18.3	7.0	21.3	14.7	11.6	9.8	
	 Waste-LfL			%	19.5	8.4	14.8	6.8	6.4	7.4	
Share of composted waste	 Waste-Abs			%	0.0	1.7	1.0	0.1	0.3	0.3	
	 Waste-LfL			%	0.0	2.4	1.5	0.0	0.0	0.0	
Share of waste incinerated with energy recovery	 Waste-Abs			%	4.9	5.6	3.7	8.1	7.3	5.3	
	 Waste-LfL			%	0.0	1.4	0.9	7.9	7.8	5.9	
Percentage of waste recovered in other ways	 Waste-Abs			%	5.0	4.1	6.9	25.0	40.1	35.3	
	 Waste-LfL			%	4.6	2.0	6.4	25.9	35.2	33.3	

 Current  Like-for-like

CSR STRATEGY PRIORITY ISSUES		INDICATOR	SCOPE	EPRA CODE	UNIT	2015	2016	2017	2018	2019	2020
 Circular economy	Total water consumption	 Water-Abs	m ³		135,459	139,763	144,199	134,027	158,298		147,213
		 Water-LfL	m ³		104,228	100,280	100,640	96,300	98,704		76,831
	Areal water intensity	 Water-Int	m ³ /sq.m.		1.1	1.1	1.2	0.9	1.1		1.0
		 Water-Int	m ³ /sq.m.		1.2	1.2	1.2	1.1	1.1		0.9
	Water consumption per visitor	 Water-Int	L/visitor		1.2	1.3	1.3	1.0	1.2		1.4
		 Water-Int	L/visitor		1.3	1.2	1.3	1.2	1.3		1.2
	Private water consumption		m ³								133,008
 Biodiversity	Average BREEAM In-Use score for Land Use & Ecology		%				26.4	33.0	38.5		71.3
 Accessibility and connectivity	Average number of transport lines accessible to one visitor to a shopping center						3	3	3	3	3
	Share of shopping centers located less than 500 meters from a public transport stop		%		80.0	96.2	98.3	98.3	99.5		100.0
	Share of customers coming by car and motorcycle to the shopping centers		%		85.5	85.5	75.1	63.6	83.8		88.1
	Share of customers coming by public transportation to the shopping centers		%		7.4	7.4	13.0	20.1	8.3		7.3
	Share of customers who travel to shopping centers by bicycle		%		0.8	0.8	2.7	1.1	0.9		NA
	Share of customers walking to the shopping centers		%		6.3	6.3	9.2	15.2	6.9		4.6
	Share of shopping centers equipped with carpooling spaces		%				60.8	61.3	67.5		61.2
	Share of shopping centers equipped with charging stations for electric vehicles		%					33.3	46.7	46.3	47.1
 Customer well-being, health and safety	Share of shopping centers that underwent a safety audit during the year	H&S-Asset	%					78.7	82.9		85.6
	Average safety audit score	H&S-Asset	%					87.9	86.7		92.3
	Share of shopping centers covered by a visitor satisfaction survey		%		63.0	65.3	86.3	93.3	93.6		94.8
	Average rating in the visitor satisfaction survey		/5					4.2	4.3		4.3
	Share of shopping centers covered by a loyalty program		%		9.4	61.5	71.6	71.0	84.3		83.5
	Share of shopping centers covered by a tenant satisfaction survey		%			28.4	52.5	63.0	84.0		90.9
 Community life and local economic development	Share of shopping centers that organized an employment event during the year	Comty-Eng	%					31.4	28.2		0.0
	Number of job offers at Mercialis shopping centers							1,524	1,929		72
	Number of jobs induced by Mercialis' business activity							20,607	20,617	19,756	19,595
	Share of shopping centers that hosted a non-profit organization during the year	Comty-Eng	%						93.9		92.9
	Share of shopping centers carrying out at least one CSR initiative during the year	Comty-Eng	%						68.9		40.0
	Contribution to support for local non-profits	Comty-Eng	€K								988.5

 Current  Like-for-like

CSR STRATEGY
PRIORITY ISSUES

INDICATOR

EPRA CODE

UNIT

2015

2016

2017

2018

2019

2020

 Responsible value chain	Share of shopping center purchases covered by CSR clauses		%					79.6	78.9	85.5
	Share of corporate purchases covered by CSR clauses		%					22.7	21.4	25.7
	Share of leases signed during the year comprising an environmental clause		%	61.0	70.0	100.0	100.0	94.4		93.4
	Share of leases with environmental clause in the portfolio		%							38.3
	Share of shopping centers placing CSR on the agenda of a meeting with tenants		%					90.5	93.2	79.3
	Share of tenants whose energy consumption data was collected		%			20.9	19.8	29.5		37.0
	Share of shopping centers providing customers with CSR information during the year		%					95.9	96.0	96.9
	Number of referrals to the Ethics Officer as part of the whistle-blowing procedure							0	0	0
	Share of employees trained in ethics during the year		%					84.5	82.9	96.9
	Share of employees with an individual CSR objective		%						100.0	100.0
Lobbying expenses		€K								55.0
 Talents and diversity	Total staff			95	115	113	108	111		129
	Staff with permanent employment contracts (CDI)			91	95	97	97	93		109
	Staff with temporary employment contracts (CDD)			4	20	16	11	18		20
	Number of co-op students				18	12	9	4		9
	Number of interns			7	12	12	12	5		4
	Temporary staff					7	13	9		9
	Full-time staff			85	107	103	100	105		123
	Part-time staff			10	8	10	8	6		6
	Total number of hires	Emp-Turnover		29	43	35	19	30		44
	Number of new hires with temporary employment contracts (CDD)	Emp-Turnover		3	20	13	8	14		16
	Number of new hires with permanent employment contracts (CDI)	Emp-Turnover		26	23	22	11	16		28
	Number of redundancies	Emp-Turnover		0	0	0	0	0		0
	Number of dismissals for other reasons	Emp-Turnover		8	5	5	4	5		4
	Total number of departures	Emp-Turnover		15	21	36	25	21		14
	Permanent staff turnover	Emp-Turnover	%	17.0	14.4	14.2	10.2	22.1		13.9
	Average annual increase for employees		%	0.7	1.0	1.0	1.5	1.0		1.0
	Number of bonus shares distributed			0	42,464	83,947	83,199	72,890		188,433
	Total number of training hours	Emp-Training	hours	962	1,082	1,747	1,281	1,402		741
	Average number of training hours per employee trained	Emp-Training	hours/employee	17.2	18.0	15.2	11.6	12.7		5.4
	Number of permanent employees trained	Emp-Training						96		114
Share of trained employees	Emp-Training	%	62	52	100	100	99		100	
Budget allocated to training	Emp-Training	€	107,200	81,402	198,000	295,120	127,767		122,456	
Number of disabled employees	Diversity-Emp					0	0	1		1

CSR STRATEGY
PRIORITY ISSUES

INDICATOR

EPRA CODE

UNIT

2015

2016

2017

2018

2019

2020

 Talents and diversity	Total number of women	Diversity-Emp		47	61	63	57	61	74
	Total number of men	Diversity-Emp		48	54	50	51	50	55
	Total number of female managers	Diversity-Emp		31	35	37	34	33	41
	Total number of female employees	Diversity-Emp		4	13	13	9	12	12
	Total number of female supervisors	Diversity-Emp		12	13	13	14	16	21
	Total number of male managers	Diversity-Emp		46	45	48	49	45	50
	Total number of male employees	Diversity-Emp		2	9	2	2	4	2
	Total number of male supervisors	Diversity-Emp		0	0	0	0	1	3
	Number of women on the Management Committee	Diversity-Emp		1	2	2	2	7	8
	Number of men on the Management Committee	Diversity-Emp		7	7	7	7	7	8
	Number of women on the Board of Directors	Diversity-Emp		4	5	6	6	6	5
	Number of men on the Board of Directors	Diversity-Emp		7	7	6	5	5	5
	Number of women on permanent employment contracts promoted during the year	Diversity-Emp		3	1	1	0	1	2
	Number of women recruited during the year	Diversity-Emp		13	24	21	10	22	27
	Number of women trained during the year	Diversity-Emp				83	61	66	79
	Average age		Years	39.0	37.0	37.1	38.7	37.3	37.6
	Number of employees under 30	Diversity-Emp		16	36	33	22	37	42
	Number of employees between 30 and 50	Diversity-Emp		68	65	63	68	54	67
	Number of employees over 50	Diversity-Emp		11	14	17	18	20	20
	Gender equality index	Diversity-Pay	/100					92	96
Gender pay gap for managers	Diversity-Pay	%	-0.6	-7.8	+1.7	+4.1	+3.9	-1.2	
 Organization and quality of life at work	Number of fatal accidents	H&S-Emp		0	0	0	0	0	0
	Number of road accidents	H&S-Emp		0	0	0	0	0	0
	Number of occupational diseases	H&S-Emp		0	0	0	0	0	0
	Number of work-related accidents	H&S-Emp		0	0	0	0	0	0
	Frequency rate of workplace accidents	H&S-Emp		0	0	0	0	0	0
	Severity rate of workplace accidents	H&S-Emp		0	0	0	0	0	0
	Number of employees teleworking					22	36	41	38
	Number of people eligible for teleworking					58	58	55	74
	Absenteeism rate	H&S-Emp	%	3.9	3.3	3.3	4.7	4.4	3.5
	Rate of participation in the most recent engagement survey		%			80.7	76.2	76.2	80.9
	Number of days donated to caregivers		days	5	4	6	5	0	7
	Percentage of employees covered by a collective agreement		%		100.0	100.0	100.0	100.0	100.0
	Number of meetings held with staff representatives			15	18	17	17	27	33
	Percentage of employees who had an annual appraisal interview	Emp-Dev	%						100

1.3 Cross-reference tables

Taskforce on Climate-related Financial Disclosures (TCFD) recommendations

Mercialys incorporates climate change risk management and opportunities into its corporate strategy. To ensure transparency, the Company's communications are aligned with TCFD recommendations. The table below identifies the chapters of this Universal Registration Document that relate to these recommendations.

TCFD recommendation		Correspondence in the Universal Registration Document
Governance	a) Describe the Board's oversight of climate-related risks and opportunities	chapter 2, § 2.1, p. 84 to 86
	b) Describe the management's role in assessing and managing climate-related risks and opportunities	chapter 2, § 2.1, p. 84 to 86
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term	chapter 2, § 2.1, p. 88 chapter 2, § 2.2, p. 92 chapter 2, § 2.3, p. 95
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning	chapter 2, § 2.1, p. 88 chapter 2, § 2.2, p. 92 chapter 2, § 2.3, p. 95
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	chapter 2, § 2.2, p. 92 chapter 2, § 2.3, p. 95
Risk management	a) Describe the organization's processes for identifying and assessing climate-related risks	chapter 2, § 2.1, p. 84 and 86 chapter 5, § 5.2.1, p. 324 to 326
	b) Describe the organization's processes for managing climate-related risks	chapter 2, § 2.1, p. 84 to 86 chapter 2, § 2.2, p. 92 and 93 chapter 2, § 2.3, p. 95 and 96 chapter 5, § 5.1.1 and § 5.1.2, p. 318 to 322
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	chapter 2, § 2.1, p. 84 to 86 chapter 5, § 5.2.1, p. 324 to 326
Indicators and objectives	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	chapter 2, § 2.2, p. 94 chapter 2, Appendix 1.2, p. 122 chapter 4, § 4.2.2, p. 277 and 309
	b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	chapter 2, § 2.2, p. 94 chapter 2, Appendix 1.2, p. 122
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	chapter 2, § 2.2, p. 92

EPRA governance indicators

To comply with the EPRA sBPR, the table below shows where to find governance information in this Universal Registration Document.

Information	EPRA code	Correspondence in the Universal Registration Document
Composition of the Board of Directors	Gov-Board	chapter 4, § 4.1.1.2, p. 237 to 258
Procedure for selecting and appointing Board members	Gov-Select	chapter 4, § 4.1.1, p. 236 and 241
Procedure for managing conflicts of interests	Gov-Col	chapter 4, § 4.1.7, p. 272

1.4 Head office indicators

INDICATOR	SCOPE	EPRA CODE	UNIT	2015	2016	2017	2018	2019	2020	CHANGE 2019-2020
Total electricity consumption	○ Elec-Abs		MWh	181	225	216	234	147	17	
	□ Elec-LFL		MWh	181	225	216	234	147	17	-88.4%
Total energy consumption from district heating or cooling networks	○ DH&C-Abs		MWh	137	156	156	197	184	67	
	□ DH&C-LFL		MWh	137	156	156	197	184	67	-63.4%
Total fuel consumption	○ Fuels-Abs		MWh	4.0	4.0	4.2	3.9	3.2	0.0	
	□ Fuels-LFL		MWh	4.0	4.0	4.2	3.9	3.2	0.0	-100.0%
Energy intensity of the building		Energy-Int	kWh/sq.m.	Not applicable	Not applicable					
Total direct GHG emissions		GHG-Dir-Abs	CO ₂	1.10	0.74	0.83	0.77	0.58	0.00	
Total indirect GHG emissions		GHG-Indir-Abs	CO ₂	37.6	43.9	43.3	53.7	37.5	11.8	
Carbon intensity of the building		GHG-Int	tCO ₂ eq./sq.m.	Not applicable	Not applicable					
Total water consumption	□ Water-Abs		m ³	478	608	514	688	611	517	
	○ Water-LFL		m ³	478	608	514	688	611	517	-15.4%
Building's water intensity		Water-Int	m ³ /visitor	Not applicable	Not applicable					
Total waste production by type of treatment	○ Waste-Abs		metric tons	4.7	5.7	6.2	7.3	2.9	0.6	
		% recycled		35%	34%	34%	26%	57%	100%	
		% buried		65%	66%	66%	74%	43%	0%	
	□ Waste-LFL		metric tons	4.7	5.7	6.2	7.3	2.9	0.6	-78.5%
		% recycled		35%	34%	34%	26%	57%	100%	
		% buried		65%	66%	66%	74%	43%	0%	

○ Current □ Like-for-like

2 Methodological note

1. Scope

A. CSR scope

The CSR scope includes assets in the portfolio at December 31, year N, excluding “Monoprix” assets and individual lots. The CSR scope therefore solely consists of shopping centers.

B. Current scope

The current scope comprises the assets within the CSR scope, excluding acquisitions during the year, in accordance with the French council of shopping centers (CNCC)'s CSR reporting guidelines.

C. Like-for-like scope

The like-for-like scope comprises the assets within the current scope, excluding assets that underwent construction representing the creation of Gross Leasable Area (GLA) of more than 20%, in accordance with the CNCC's CSR reporting guidelines.

Like-for-like basis is calculated in relation to 2015, the MERY'21 CSR strategy baseline year.

2. Reporting period

Environmental indicators (energy consumption, water consumption, greenhouse gas emissions, waste quantities, etc.) are reported over a rolling 12-month period, from October 1 of year N-1 to September 30 of year N. Data entered as “N” therefore correspond to the environmental indicators calculated from October 1 of year N-1 to September 30 of year N, inclusive.

The footfall used to calculate the usage indicators is reported over a rolling 12-month period, from October 1 of year N-1 to September 30 year N.

Social and societal indicators are reported on a calendar-year basis, from January 1 to December 31 of year N.

3. Coverage rate

For each indicator, the coverage rate is given in terms of fair value, including transfer taxes.

The fair value of each asset is based on appraisals conducted on behalf of Mercialis.

For constant scope coverage rates, the market values at December 31 of year N are used.

4. Business indicators

A. Surface area of common areas

Common areas are considered to be the mall and heated, ventilated or chilled/cooled areas (excluding the areas that may not be accessible to the public).

B. Gross leasable area surfaces

The gross leasable areas (used for the calculation of coverage rates in surface area) are those appearing in chapter 1, § 1.3.2.3, p. 77 et seq.

C. Footfall

Footfall data comes from the counter systems set up at the shopping centers and are collected daily.

The shopping centers for which counters were installed (full installation or modification of existing equipment) during the reporting period are not included in the usage indicators scope. They are factored in after a full year of operation.

5. Environmental indicators

A. Environmental certifications

A shopping center is considered certified for the period if the certificate is issued before December 31 of year N.

B. Energy consumption

This refers to energy consumption in kWh (final energy) paid for by the property manager and distributed to the common areas as well as the private areas that may be served by shared systems for heating, ventilation and/or air conditioning (connected private areas).

C. Greenhouse gas emissions

Greenhouse gas emissions are calculated in accordance with the GHG Protocol.

Greenhouse gas emissions (scope 1)

Emissions related to energy consumption burned on-site for the common areas and connected private areas (particularly gas) and to refrigerant leaks.

Greenhouse gas emissions generated by refrigerant leaks from air conditioning systems are calculated as follows:

Greenhouse gas emissions generated by the refrigerant (kgCO₂e) = quantity of refrigerant (kg) × refrigerant's GWP⁽¹⁾ (kgCO₂e/kg).

Greenhouse gas emissions (scope 2)

Emissions related to electricity consumption and urban heat used for the common areas and connected private areas.

Location-based emission factors and GWP

The location-based emission factors used are derived from ADEME's Carbon Base in the most recent version available.

The GWP factors also come from the Base Carbone when they are available.

Market-based emission factors

The market-based emission factors are derived directly from the different energy suppliers. If the emission factor is not available for year N at the time of the Universal Registration Document's publication, the emission factor for N-1 is used.

(1) Global Warming Potential (GWP): an indicator that measures the cumulative effect of all the substances that aggravate the greenhouse effect.

In addition, for properties for which information is not provided by the energy supplier, the residual factor calculated by the AIB (Association of Issuing Bodies) is used. For Corsican and Reunionese assets, the emission factor of the Carbon Base is used.

D. Waste

This relates to waste:

- produced by retailers;
- left by visitors in the shopping center's waste containers.

The sites for which waste management is shared between the hypermarket and the shopping center are not taken into account as part of the waste scope.

Quantity

Waste quantities are given by the service provider that collects and handles the treatment of waste on a web platform. For removal in volume, the collected tonnage is estimated based on a number of containers removed and an average volume weight.

For removal by the town, an estimation methodology based on average tonnage by sq.m. has been devised.

Quantities of unclassified waste (waste that is sorted but rejected for recovery because it is insufficiently sorted) is incorporated into the tonnage of non-hazardous industrial waste.

Outfalls

Information on outfalls is reported by the waste service providers based on European nomenclature codes. For this indicator, a site is excluded from the scope if the end-of-life treatment of more than 30% of the waste produced (in metric tons) is unknown.

E. Water consumption

This applies to drinking water consumption only in communal areas, expressed in m³.

This indicator includes:

- consumptions associated with the shopping center's sanitation facilities (customer sanitation facilities and those of the shopping center's management);
- consumptions related to cleaning the center (mall, compactors, etc.);
- consumption related to watering the green spaces;
- water consumption of the air conditioning systems (cooling towers).

This indicator does not include:

- purely private consumption (shop consumption);
- water consumption related to fire safety (sprinkler tank, etc.).

F. Head office environmental indicators

The environmental indicators related to offices occupied by Mercialis are limited to the surface area occupied in the building (percentage shares).

G. Accessibility by public transport

The shopping centers' accessibility is assessed based on information identified by the centers' managers and updated annually (stops near the shopping center, line serving the shopping center, arrival frequency, etc.).

H. Modes of transport used by visitors

The modes of transport used by visitors are calculated based on a customer survey distributed either on paper or digitally (WiFi form or game). Shopping centers with fewer than 100 respondents are not used to calculate this indicator.

Modes of transport are weighted by the center's footfall.

6. Social indicators

A. Training

All types of training, whether face-to-face or e-learning courses, are taken into account for the training indicators. There is no minimum duration used to calculate training hours.

B. Staff turnover

Turnover is calculated for staff with permanent employment contracts by dividing the total number of departures of staff with permanent employment contracts by the average staff with permanent employment contracts.

C. Absenteeism

The absenteeism rate is calculated based on theoretical working hours. It takes into account all hours of absence that are not hours for parental leave, training hours or days off.

7. Societal indicators

A. Green leases

The coverage rate of environmental lease clauses is calculated as a percentage of leases signed during the current year that are eligible for an environmental clause. Exempt leases of less than one year, lease amendments and disposals of businesses are excluded.

B. Jobs at the portfolio's shopping centers

These jobs include:

- store positions in shopping centers. These jobs were identified specifically from a sample of Mercialis' centers. Based on the corresponding areas, employment ratios per sq.m., specific to each business sector, were calculated. These area-based ratios are used to extrapolate store positions at all shopping centers in Mercialis' portfolio;
- indirect jobs with service providers operating at Mercialis' centers. The following activities were taken into account: maintenance, cleaning, insurance and security.

C. Visitor satisfaction

Visitor satisfaction is calculated based on the overall satisfaction score, weighted by the shopping center's footfall. The score is taken into account for all the shopping centers surveyed, irrespective of the number of respondents.

To be included in the coverage rate, a shopping center must have used the survey in the last 24 months.

D. Tenant satisfaction

Tenant satisfaction is measured through paper surveys.

To be included in the coverage rate, a shopping center must have used the survey in the last 24 months.

E. Shopping center responsible purchasing

The share of purchases including a CSR clause is calculated on the basis of the amounts entered in the shopping centers' spending budgets, the difference between the budgeted and actual amount being immaterial.

However, for 2020 this amount was unusually high for certain items, and does not reflect purchases in a typical year. The health and safety measures put in place led to exceptional expenses (ramping up of safety or cleaning services, purchase of hydroalcoholic gel, etc.). Although these purchases followed the same purchasing processes and included the same CSR criteria, it seemed more appropriate for Mercialis to base its calculations on actual expenses for 2019 rather than on the 2020 budget, which would have overweighted certain categories of purchase.

3 Independent third party's report

Mercialys

Year ended the December 31, 2020

Independent third party's report on consolidated non-financial statement presented in the management report

To the General Management,

Following the entity's request and in our capacity as independent verifier, member of the network of one of the Statutory Auditors of your company (hereinafter referred to as "entity"), we present to you our report on the consolidated non-financial statement established for the year ended on the December 31, 2020 (hereafter referred to as the "Statement"), which the entity has chosen to prepare and include in its management report pursuant to the requirements of articles L. 225 102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

The entity's responsibility

As part of this voluntary process, the entity is responsible for preparing the Statement, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement (or available on demand at the entity's headquarters).

Independence and quality control

Our independence is defined by the French Code of Ethics (*Code de déontologie*) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with applicable legal and regulatory requirements, the ethical requirements and French professional guidance.

Responsibility of the independent third party

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the requirements of Article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with Article R. 225 105 I, 3° and II of the French Commercial Code, *i.e.*, the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

However, it is not our responsibility to comment on the entity's compliance with other applicable legal and regulatory requirements, in particular the French duty of care law and anti-corruption and tax avoidance legislation nor on the compliance of products and services with the applicable regulations.

Nature and scope of the work

The work described below was performed in accordance with the provisions of articles A.225-1 et seq. of the French Commercial Code, as well as with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements and with ISAE 3000⁽¹⁾:

- we obtained an understanding of all the consolidated entities' activities and the description of the principal risks associated;
- we assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in Article L. 225 102 1 III of the French Commercial Code as well as information set out in the second paragraph of Article L. 22-10-36 regarding compliance with human rights and anti corruption and tax avoidance legislation;
- we verified that the Statement provides the information required under Article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under Article L. 225-102-1 III, paragraph 2 of the French Commercial Code;
- we verified that the Statement presents the business model and a description of principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- we referred to documentary sources and conducted interviews to:
 - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and,
 - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix 1; concerning certain risks (talents and diversity, as well as organization and living conditions at work), our work was carried out on the consolidating entity, for the others risks, our work was carried out on the consolidating entity and on a selection of entities: la Galerie le Phare de l'Europe (Brest) et la Galerie Espace Monthieu (Saint-Etienne);

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

- we verified that the Statement covers the scope of consolidation, *i.e.* all the consolidated entities in accordance with Article L. 233-16 of the French Commercial Code;
- we obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix 1, we implemented:
 - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data,
 - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities and covers between 4% and 8% of the consolidated data relating to the key performance indicators and outcomes selected for these tests (4% of the energy consumption, 6% of the surface of common areas and 8% of the market value);
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities included in the consolidation perimeter.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

Means and resources

Our verification work mobilized the skills of five people and took place between October 2020 and February 2021 on a total duration of intervention of about ten weeks.

We conducted four interviews with the persons responsible for the preparation of the Statement; representing in particular the environmental, human resources, property management and operations departments.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the consolidated non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

Paris-La Défense, March 10, 2021

French original signed by:

Independent third party EY & Associés

Jean-François Bélorgey
Partner



Eric Duvaud
Partner, Sustainable Development



Appendix 1: The most important information

Social Information

Quantitative Information (including key performance indicators)	Qualitative Information (actions or results)
Turnover (permanent contracts) Average number of training hours per employee trained Proportion of trained employees Number of disabled employees Share of women in the management committee and on the Board of Directors Professional equality index Breakdown of employees by age and by gender Frequency rate and severity rate of workplace accidents Absenteeism rate Wage equity ratio	Recruitment and integration of talents Development of employees' skills and support in the evolution of their profession or function Development of employee engagement Actions to promote gender diversity and diversity within teams Measures to ensure the health and safety of employees

Environmental Information

Quantitative Information (including key performance indicators)	Qualitative Information (actions or results)
Energy intensity per unit area Share of energy consumption from renewable sources Greenhouse gas emissions scope 1 and scope 2 - location based and market-based Carbon intensity per unit area scope 1 and scope 2 Greenhouse gas emissions scope 3 (related to the management of waste from operations, related to tenants' energy consumption and related to employees' travel) Share of BREEAM In-Use certified assets by value Share of BREEAM New Construction certified assets by value Total quantity of waste by type of waste Waste sorting rate Waste valorization rate et breakdown by types of waste valorization (recycled, reused, composted, incinerated with energy recovering, other type of valorization) Water consumption of common parts Water consumption of tenants Share of tenants whose energy consumptions were collected	Energy efficiency improvement measures Definition and follow-up of a 2 °C strategy Measures to ensure assets' adaptability Progression of a certification level for BREEAM In-Use certified assets Measures in favor of circular economy Measures in favor of biodiversity

Societal Information

Quantitative Information (including key performance indicators)	Qualitative Information (actions or results)
Share of assets having undergone a safety audit Average security audit score Share of assets covered by a visitor satisfaction survey and average rating Share of assets covered by a tenant satisfaction survey Share of assets that have carried out an employment supporting action Number of job offers in Mercialis assets Number of jobs hosted by Mercialis assets Share of assets that hosted an association Number of associations hosted Share of leases signed during the year covered by an environmental annex Share of corporate purchases covered by CSR clauses Share of asset purchases covered by CSR clauses Number of cases referred to the Ethics Officer as part of the alert procedure Fatal accidents at work on construction sites Share of assets located within 500m of a public transport stop Breakdown of the visitors' modes of arrival by type of transport Share of assets equipped with carpooling spaces Share of assets equipped with charging stations for electric vehicles	Measures implemented to promote alternative means of transport Implementation of local employment initiatives Provision of space for associations within the assets Insertion of CSR clauses in purchasing contracts and awareness-raising measures for stakeholders in the value chain Measure to ensure safety, health quality and well-being within the assets