



# Climate Policy

November 2024, RBP32b

# Contents

Introduction .....2

    Application.....2

    Aligning with broader impact commitments .....2

    Development & governance of the policy .....2

    Operations, accountability and transparency .....3

Redevco’s Climate Commitment.....3

    Operational GHG emissions reduction.....4

    Embodied carbon emissions reduction.....5

    Climate risk adaptation .....6

## Version control

Version number		Reason for change	
#32b		Climate Policy	
Description	Name	Function	Date
Author	C. Brenninkmeijer	Head of Sustainability	September 2024
Approver	Leadership team	Leadership team	November 2024
Approver	Board	Board	November 2024

## Introduction

This Climate Policy (the “Policy”) outlines Redevco's commitment to addressing climate change across our entire business. We aim to limit global warming to 1.5°C through various actions, including collaboration with our tenants and suppliers.

## Application

The Policy applies to all Redevco employees, partners, suppliers and other parties linked to our operations. We encourage our partners to adopt these climate goals promptly.

## Aligning with broader impact commitments

Redevco’s Climate Policy is naturally connected to Redevco's Human Rights Policy, Redevco's Embodied Carbon Strategy, Design Guide and other related sustainability policies to follow, such as Redevco's Biodiversity Policy.

## Development & governance of the Policy

This Policy has been developed with cross-organisational input and has been approved by the Redevco Board, Redevco's Chief Executive Officer and Leadership Team.

Implementation of and adherence to this Policy is the collective responsibility of senior managers at Redevco. Breaches of this Policy must be communicated to Redevco's Compliance Officer.

The Policy is made publicly available, including to all employees and relevant stakeholders, via Redevco's website and intranet. We are committed to the continuous improvement of our climate practices. Redevco regularly reviews and updates this Policy to ensure compliance with legal requirements and alignment with best practices.

## Operations, accountability and transparency

Climate as a topic is central to Redevco's internal operations (i.e. how we do business) and is embedded in key processes throughout the whole lifecycle of the assets we manage.

In addition, Redevco is committed to integrating non-financial incentives into business decision-making processes to ensure that impacts on people and planet also drive business decisions. Examples are:

- **Integration in annual cycles:** Redevco has integrated ESG-related impact topics (non-financial) in its long-term strategic business planning and annual business planning cycles.
- **Transparency:** Redevco is committed to voluntarily communicating about its progress on at least an annual basis, as well as under any statutory reporting requirements.
- **Remuneration:** The CEO's targets, which explicitly include targets on ESG performance, are cascaded to all senior leaders, including portfolio & investment managers. In fact, all employees have a portion of their remuneration determined by company results on the ESG targets.

## Redevco's Climate Commitment

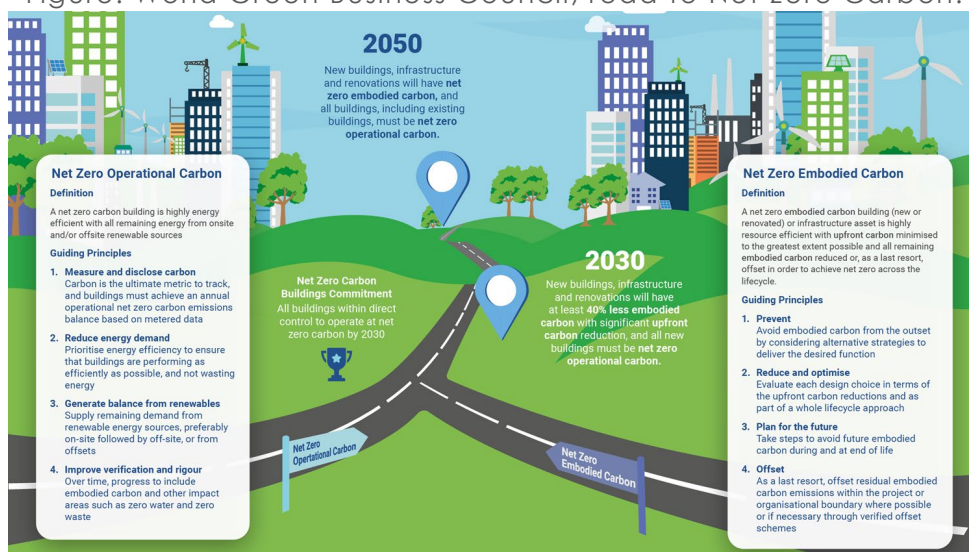
One of the most important and urgent topics for the entire real estate sector is the impact the built environment has on our climate through carbon emissions. To support the 1.5°C global warming limit, Redevco commits to:

1. **Greenhouse Gas (GHG) emissions reduction target by 2030:** Redevco's near-term (2030) science-based emissions reduction target is approved by the Science Based Targets initiative (SBTi). The 1.5°C-aligned target has been formulated as: "Redevco B.V. commits to reduce absolute scope 1 and 2 GHG emissions 58.5% by 2030 from 2019 base year. Redevco B.V. also commits to reduce absolute scope 3 GHG emissions 46.2% within the same timeframe."
  - a. In order to focus on the GHG emissions over which Redevco has control, we furthermore committed to the World Green Building Council's (WGBC) Net Zero Carbon Building Commitment, which challenges us to reach operational net zero emissions for scope 1 and 2 by 2030 (emissions for its own offices and the in-control areas of its Assets Under Management by 2030).
2. **Net Zero Carbon by 2040 for the entire portfolio:** In line with the World Green Building Council's Whole Life Carbon Vision, we have stated an ambition to work towards



making our entire portfolio Net Zero Carbon (NZC) by 2040<sup>1</sup> and have embedded this in our 'Mission 2040' (this ambition has not been formally validated by SBTi).

Figure: World Green Business Council, road to Net Zero Carbon.



3. Redevco commits for all (re)developments or major renovations under its control, to **reduce the upfront embodied carbon emissions** as much as possible and – if supported by the respective investor clients – to compensate (through offsets) the residual embodied emissions of these developments.
4. In addition, Redevco seeks to understand and deliberately mitigate relevant **climate risks** promptly.

## Operational GHG emissions reduction

Our 4 main levers to achieve operational GHG emissions reductions are:

1. Measure & disclose carbon
2. Reduce energy demand through efficiency measures
3. Increase the share of on-site renewable energy
4. Tenant engagement to make sustainable (energy) procurement choices

### Measure & disclose carbon

To monitor and plan this energy transition, our near-term (2030) science-based emissions reduction target is approved by the Science Based Targets initiative (SBTi)<sup>2</sup>. As we move into an age of climate awareness and global warming, we, at Redevco, take this responsibility seriously in light of future generations and strive to meet our targets.

### Reduce energy demand through efficiency measures

Redevco aims to leverage every intervention in an asset's lifecycle to lower overall energy consumption and reduce energy and carbon intensity. It will achieve this by

<sup>1</sup> Target: 50% reduction in like-for-like absolute (operational carbon) emissions by 2030 against a 2019 baseline – in line with 1.5oC climate scenario.

<sup>2</sup> SBTi validated target: Redevco B.V. commits to reduce absolute scope 1 and 2 GHG emissions with 58.5% by 2030 from 2019 base year. Redevco B.V. also commits to reduce absolute scope 3 GHG emissions of its AUM (i.e. the tenant emissions) with 46.2% within the same timeframe.

removing any fossil fuel-based heating systems by transitioning assets away from natural gas, among other measures indicated in our Design Brief.

Material efficiency in buildings has the greatest impact on reducing emissions. Therefore, all our redevelopment projects must prioritise circularity through the reuse or upcycling of building materials. For major refurbishments or redevelopments, we will address the entire building lifecycle to minimise embodied carbon and operational emissions, with the goal of contributing to net zero carbon in the built environment.

### Increase the share of on-site renewable energy

Redevco aims to increase renewable energy generation capacity for on-site consumption, thereby reducing GHG emissions. We continue to install solar panels on the roofs of all relevant assets – especially the larger, flat roofs of our retail parks – and encourage the resident tenants to consume that electricity where possible.

### Tenant engagement to make sustainable (energy) procurement choices

Collaboration with our tenants is key to reduce scope 3 ('Downstream leased assets') emissions to achieve our ESG goals.

As each party has different contractual obligations over the building elements, commitments are agreed in green lease additions in tenants' contracts. In this way, we aim to encourage efficient use of heating and air-conditioning in use and the fit-outs of leased property. Furthermore, we encourage all tenants to purchase certified green electricity.

The ultimate intent is for the tenant to have a highly efficient building and for their operating costs to be kept as low and efficient as possible. The follow-on effect is less carbon emissions.

## Embodied carbon emissions reduction

In addition to operational emissions, the guiding principles whenever we develop/ redevelop/ retrofit/ refurbish any of our assets under management for embodied carbon are:

1. **Prevent:** Avoid embodied carbon from the outset by considering alternative strategies to deliver the desired function (e.g. renovation of existing buildings rather than new development)
2. **Reduce and optimise:** Evaluate each design choice using a whole lifecycle approach and seek to minimise upfront carbon impacts (e.g. lean construction, low carbon materials and construction processes)
3. **Plan for the future:** Take steps to avoid future embodied carbon during and at end-of-life (e.g. maximise potential for renovation, future adaptation, circularity).
4. **Compensate for residual emissions:** Offset residual upfront embodied carbon emissions with high quality, credible compensation activities<sup>3</sup>.

### Compensation of residual emissions

For (re)developments, Redevco applies an internal carbon fee (or shadow price<sup>4</sup>) to the residual upfront embodied carbon emissions and charges that to the development

---

<sup>3</sup> Source: World Green Business Council. [Whole Life Carbon Vision - World Green Building Council \(worldgbc.org\)](https://worldgbc.org)

<sup>4</sup> An internal carbon fee will be charged to the development budget (and therefore impact returns). A shadow price of embodied carbon will be presented as a potential future risk indicator (but will not impact returns).

budget, subject to investor client approval. This fee incentivises choices that drive reduction in overall carbon emissions. The fee will also be used to fund offsets of the residual emissions that would make the (re)development work net zero.

Redevco has been purchasing carbon credits since 2018 to compensate for GHG emissions related to its office energy consumption, lease cars and business (air) travel. By 2030, we have committed to further reducing these as well as the scope 1 (fossil fuel combustion) and scope 2 (purchased energy) emissions of any installations in common areas of our assets under management that are under our direct control and to offset these, such that we will be at net zero operational emissions.

Redevco makes use of high-quality, additional and permanent carbon credits that come from nature-based solutions (NBS) projects. These projects can provide wider benefits for planet and people, such as improving air quality, increasing biodiversity, supporting water and soil protection and delivering positive social and economic benefits for local communities.

### **Business growth**

Our growth ambitions may conflict with our absolute decarbonisation goal, but they also present an opportunity to scale our positive impact. To align with this, our (organic) acquisitions should generate zero emissions, or have a clearly defined plan to align with our reduction pathway. Carbon reduction plans (and budgets) must be included in investment decisions. Inorganic growth through mergers and acquisitions should be contingent on existing mandates supporting active decarbonisation efforts.

## **Climate risk adaptation**

Redevco also seeks to understand and adapt to physical climate and climate transition risks.

### **Physical climate risks**

Physical climate risks relate to extreme climate events affecting a building. Redevco assesses its assets under management for physical climate risks, including flooding, precipitation, heat and drought. Assets with material physical risk indicators require specific adaptation measures to be included in plans, budgets and underwriting.

### **Climate transition risks**

Climate transition risks are potential impacts on the value of an asset from a misalignment with new regulations<sup>5</sup>, technologies<sup>6</sup>, and/or changes of market preferences<sup>7</sup> aimed at reducing GHG emissions. Assets may become a reputational risk and stranded if these potential devaluations are not considered. Transparent accounting of these transition risks strengthens the financial case for transitioning to low-carbon and climate-resilient buildings.

---

<sup>5</sup> Like the requirement of an energy label, carbon and water pricing as well as potential legal challenges or lawsuits related to climate change impacts or failures to comply with climate-related regulations.

<sup>6</sup> Risks related to the development and adoption of new technologies that could render existing technologies or business models obsolete

<sup>7</sup> Changes in consumer preferences or market dynamics that may affect the demand for certain products or services, particularly those with high carbon footprints. This leads to reputational risks associated with public perception and stakeholder expectations regarding a company's climate policies and practices.

Redevco follows the guidelines of the Urban Land Institute's C Change programme to integrate the transition risks by way of:

- Integration of decarbonisation costs to bring assets in line with Carbon Risk Real Estate Monitor (CRREM) pathways into the underwriting of acquisitions and (re)developments.
- Carbon price: Redevco is adopting a carbon price for major capex interventions (redevelopment projects) to drive more deliberate choices on design, materials and construction options. As this is a journey, a next step will be to implement a shadow price of carbon to the in-use phase of an asset, to understand the potential transition risks of a carbon tax on operational emissions.
- Annual assessment of transition risks – regulation, technology, market and reputation – and their potential impact on Redevco.