

# Climate Policy

Redevco Business Policy RBP#32b

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## Version control

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#32b		Climate Policy	
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## 1. 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.

## 2. 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.

## 3. 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.

## 4. 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.

## 5. 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.

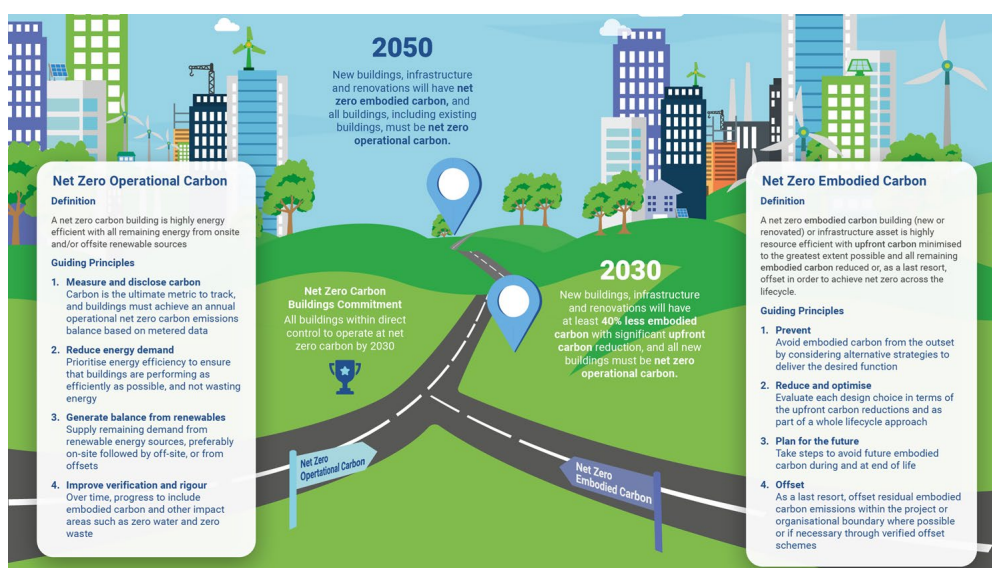
- **Remuneration:** The CEO's targets, which explicitly include targets on ESG performance, are cascaded to all senior leaders, including portfolio & investment managers. In fact, all employees have a portion of their remuneration determined by company results on the ESG targets.

## 6. 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 1.5oC-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 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.

## 7. 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

### *7.1 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). 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.

### *7.2 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 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.

### *7.3 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.

#### *7.4 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.

### **8. 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.

#### *8.1 Compensation of residual emissions*

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

### *8.2 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.

## **9. Climate risk adaptation**

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

### *9.1 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.

### *9.2 Climate transition risks*

Climate transition risks are potential impacts on the value of an asset from a misalignment with new regulations , technologies , and/or changes of market preferences 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.

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.