



**CAPITAL &  
REGIONAL**

The background of the cover is a photograph of a modern glass skyscraper on the left, with its reflection on the water. The right side of the image is dominated by a dense canopy of vibrant green trees, with sunlight filtering through the leaves, creating a bright, airy atmosphere. The image is framed by a dark blue border on the top and bottom, and a yellow curved bar at the bottom left.

# ESG Report

**2022**

## 2022 ESG Annual Report

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### Foreword



*"As part of our commitment to a leading sustainable business, we are dedicated to proactively managing our climate-related risks. We are very proud of the work we have done to consistently reduce our environmental impact across our portfolio and are encouraged by the continued progress being made to support and give back to the communities we serve. Our ongoing initiatives across the organisation focusing on energy reduction and enhancing our communities is integral to our community centre strategy, it's truly wonderful to see how enthusiastic and motivated all our employees are to make a difference."*

The real estate sector has a defining role to play in building a sustainable future. The consequences of the climate crisis mean that we are facing some of the greatest challenges of our time. Hence, it is essential that, as a large employer and provider of essential community and leisure services, we operate a portfolio that minimises its negative impact. While we are still at the start of our journey, we have made significant strides at Capital & Regional to embed environmental, social and governance principles throughout our business to drive our financial performance whilst addressing the expectations of our stakeholders.

In 2022, for both our shopping centre portfolio and Snozone, we established our net zero carbon pathways aligned with industry best practice and guidelines. Representing a significant milestone in our decarbonisation journey, these roadmaps quantify and prioritise the necessary actions we must take in the coming years to reduce our emissions to net zero by 2040. Having established our net zero governance along with the roll-out of employee training, we will continue to prioritise energy efficiencies on the ground across all aspects of our operations and evolve crucial tools such as our data accuracy and net zero standards.

As community hubs and with the cost-of-living crisis, we knew our community support would be crucial in 2022. We are very proud of our efforts in this space: partnering with over 180 charities, fundraising almost £130,000 and providing free school uniforms to over 4,000 children. We are particularly honoured to have supported 36 start-up businesses, promoting the next generation of entrepreneurs from diverse backgrounds, that help us better tailor our offering to the needs of local people. Our relationship with local councils and authorities enables us to continue to work closely together to provide maximum support where it is needed.

None of our achievements would be possible without the hard work of our teams, and our GEM ('Going the Extra Mile') awards highlight the often-extraordinary lengths our people go to assist members of our communities. This can be as simple as helping people who have encountered difficulties or visitors just appreciating having someone to chat to. To enhance our staff experience, we worked hard this year to update wellness policies and have increased initiatives to become a more inclusive business. We also rolled out a new initiatives Manager Program to make career development a more streamlined process and were awarded for our superior occupational health and safety management for the 11<sup>th</sup> year in a row.

Next year, we look to grow across our three pillars and continue to lead by example in our communities and provide the best environment for our employees.

## *Executive Summary*

Capital & Regional (C&R) owns and manages shopping centres and Snozone locations across England, with one Snozone site in Madrid. C&R has a strong track record of implementing asset management initiatives that enhance the sustainability credentials of its portfolio through the implementation of an integrated ESG strategy that delivers value across three key pillars: Environment, People and Community. To ensure we respond to the needs and expectations of our stakeholders – employees, occupiers, communities and investors – we undertake continuous proactive stakeholder engagement, including Group ESG meetings, staff training and a programme of guest activities and events.

With a quarter of UK emissions resulting from the built environment, it is imperative that we manage the environmental impacts of our owned and leased assets to build resilience against ESG risks, take advantage of opportunities related to environmental improvements and create better environments for everyone to enjoy. In 2022, we made great strides by developing net zero carbon pathways for our

shopping centres and Snozone. We also prioritised investment into carbon reduction initiatives, with Snozone specifically investing £865k this year. Our efforts over the past three years realised a 28% reduction in Scope 1 and 2 emissions across the Group compared to the 2019 baseline, and we achieved zero waste to landfill within our shopping centres for the 4<sup>th</sup> consecutive year.

At C&R, our culture focuses on adding value, being inclusive and investing in the future so our employees can get the best out of their careers and themselves. This year saw several new initiatives introduced, including improved maternity and paternity pay, a menopause policy, and enhanced training opportunities. To support employees through the cost-of-living crisis, we launched the Retail Trust and Wagestream apps as financial tools, with our national minimum wage (NMW) policy implemented across the business and external suppliers. Snozone continued to provide accredited training to staff, with all elements resulting in annual staff retention of 75%.

Our retail and leisure offerings are catered to the individual needs of their local communities, which is made possible through trusted relationships with charity groups and city councils, as well as yearly goals to drive community impact. In addition to promoting inclusive environments, we take pride in our contributions to significant issues, including youth education, economic inclusion, and charity fundraising. This year we are proud to have invested over £300,000 into our local communities and raised over £129,000 for charity across the business.

Our ESG initiatives are overseen by shopping centres' Director of Operations & Customer Experience, Sara Jennings, and Snozone's Managing Director, Nick Phillips.

Sara began her retail career working for House of Fraser in Store Management before joining Capital & Regional in 2022. She has held a number of positions within C&R before taking on the role as Director of Operations & Guest Experience. Sara is responsible for the day to day management of shopping centres and driving the ESG business strategy.

*"Developing our pathway to net zero carbon is a significant milestone for Capital & Regional and one I am personally incredibly proud of. Sustainability is a core value of our business, and we have been working hard to galvanise our teams to fully embed sustainability into everything we do. Setting a commitment to achieve net zero by 2040 for our shopping centres will dramatically change how we operate, so we need everyone on board. I can already see a growing enthusiasm as we embark on this stage of our sustainability journey."*



Nick started his career with Aldi, joining them in their embryonic stages in the UK as a regional New Store Openings Manager in the northwest. He then held a number of positions with Lidl and Whitbread PLC and as

David Lloyd Leisure's Regional Director for the south of England before becoming their Sales & Operations Director for the UK & Europe. Nick joined C&R as Snozone's Managing Director in 2012.



*"Being a consumptive business by nature, we have taken many steps to mitigate our carbon footprint ranging from the installation of solar panels at our Madrid venue, to upgrading our blast cooler systems in the UK and now the use of emission-free refrigerant gasses. Similarly, we have partnered with Tree-Nation to plant trees in parts of the world where reforestation is required, off-set carbon emissions and create biodiversity.*

*The teams at the venues have worked incredibly hard to rationalise our supply chain to reduce visitation by suppliers and in doing so we have also eliminated all single-use plastics. Building on these initiatives and continued investment in upgrading our plant and equipment means we can confidently move towards our target of becoming net zero by 2040."*

# Our Community Shopping Centre Approach

Our community shopping centre approach has continued to demonstrate its resilience given the persistent challenges within our sector. Our centres have evolved from focusing on needs-based retail to creating value through vibrantly tailored spaces for each of our communities.

We have been proactive in providing dominant retail offers that consist primarily of services and non-discretionary retail. We also aim to ensure each location has access to transport and improved infrastructure providing a convenient and frictionless experience for our guests.

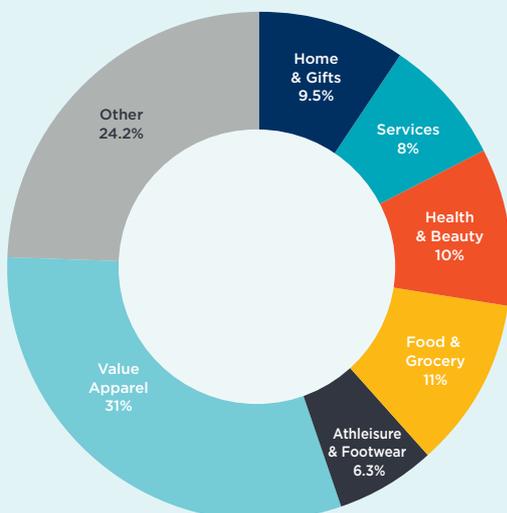
We place each of our communities at the heart of everything we do, ensuring we add value at a local level enables us to provide a strong and successful customer proposition.

## Our customer product and service offerings

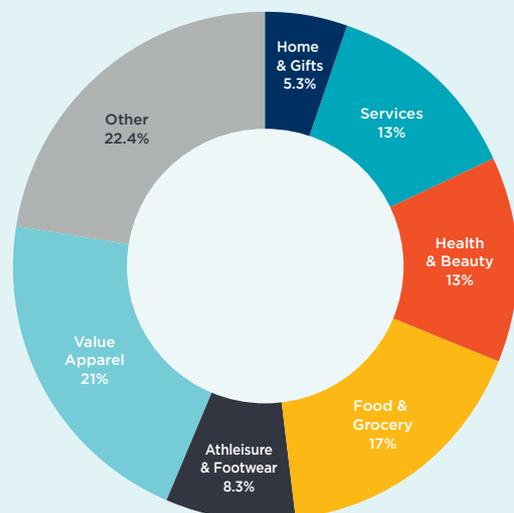
We sit firmly in a position to serve our guests' essential and regular non-discretionary shopping needs and services.

### Change in merchandising mix since we launched our Community Shopping Centre strategy in 2017:

2017 Customer Proposition



2022 Customer Proposition





## Our difference

Our fundamental difference from competitors within the retail sector is that we place value on being more than just a place to shop, we are considered to be a part of our guests' everyday lives.

01

### Dominant Community Locations

Our centres make up a vital part of their communities; they are centrally located with strong surrounding transport links making them perfectly positioned to serve the local residents.

02

### Diversified Income Streams

We focus on a mixed-use proposition maximising our exposure to retail, hospitality and service categories.

03

### Strength of Community Links

Enables us to respond to community needs quickly and effectively.

04

### Experienced Management

Our management teams have a wealth of knowledge within the retail sector and continue to build on this through the training and development programmes C&R provide.

## The continued evolution of our assets

### Community and local focus

Our assets are located in local town centres and form essential parts of the community infrastructure at the heart of these neighbourhoods. We aim to strengthen each of our communities through meeting their everyday needs and supporting the causes that matter to them.

### Remerchandising retail offer

Our ability to evolve and accelerate remerchandising towards more nondiscretionary retail and services has been our main focus for 2022.

### Role of the store

In 2022 we have seen the role of the physical store remain intrinsic to the consumer as well as the retailer. Despite previous speculations of online retail becoming more prevalent, the role of a physical store creates a crucial touch point for retailers to engage and maintain consumer loyalty. Our centres remain focused on providing nondiscretionary shopping needs and services to our guests.

### Diversification of uses

Our diverse retail mix ensures frequent and repeat footfall and high conversion rates.

# ESG Report

## Introduction

2022 has been a landmark year for Capital & Regional (C&R) regarding its ESG activities.

We worked with our external sustainability consultants to develop a pathway to net zero carbon and achieved significant reductions in our energy consumption. We launched company-wide training to engage our employees on ESG and, as a result, have witnessed a shift in mindset that has led to widespread awareness and integration of ESG from senior management to onsite teams. Leveraging a strong understanding of our diverse communities and trusted relationships with local stakeholders, we have enhanced the inclusivity of our offerings and contribution to local needs such as education, charity fundraising, and economic inclusion.

These achievements are in the context of geopolitical tensions and a harsh economic climate, which have impacted businesses and communities alike, such as through rising energy prices and a cost-of-living crisis. Our integrated ESG strategy and focus on accountability, governance and stakeholder engagement required to realise its ambitions, means we were well positioned to adapt to these challenges and actively respond to the impact on our people, occupiers and communities.

Within this section, we detail the progress and achievements we have made in the year ending 30 December 2022 across our three pillars: Environment, People and Community as well as our environmental, social and governance (ESG) performance and ambitions moving forward.

### Our business

Our success stems from our ability to create retail and leisure offerings that are tailored to the needs of their local communities and provide value-oriented goods and services. With a portfolio of shopping centres and Snozone leisure venues, our assets benefit from an integrated ESG strategy that allows them to customise their approach based on the individual needs of the asset type, location and stakeholders



### Our ESG strategy

Our purpose is to invest in, manage and enhance retail property by creating dynamic environments tailored to the local communities. With rising investor requirements and evidence connecting ESG performance with resilience and financial returns, managing our ESG risks and opportunities has become an integral part of our business strategy and how we can continue to create value for our stakeholders. As such, in 2021, we made 'Leading in sustainability within our communities' one of our core values to demonstrate the seriousness of our commitment in driving long-term sustainability objectives (see page 16 for our business model).

Our sustainability-focused core value reinforces our stewardship activities and is guided by five intentions (outlined below). To realise these intentions and drive action, C&R has an integrated ESG strategy underpinned by clear policies, procedures and measurable targets. The strategy reflects three key pillars: minimising the negative impact of our assets on the environment, providing a superior experience to our people and responding to the unique needs of our local communities. This is all while upholding our commitment to shareholders and operating as a successful business.

# Strategy & 2022 highlights

## Our core values



Inspiring  
**Creative**  
thinking

To take an active lead in developing and delivering sustainability within our communities



Encouraging  
**Collaborative**  
engagement

To continue to identify sustainable practices to manage our buildings responsibly



Leading in  
**Sustainability**  
within our  
communities

To develop cultural ways of working that are obsessive about waste, recycling and reducing our carbon footprint



Acting  
with  
**Integrity**

To play our part in an effective response to the urgent threat of climate change, aligning with the 2015 Paris Agreement commitments



Delivering  
**Dynamic**  
solutions

To reach net zero by 2040

## Our ESG Strategy



Environment

We executed operational excellence, due to the hard work of on-site teams, implemented energy efficiencies and our net zero carbon pathway activities, leading to significant energy and carbon savings against the 2019 baseline.

  **28%**  
reduction in energy consumption vs. 2019

  **42%**  
reduction in Scope 1 & 2 emissions since 2019

 **Zero**  
waste to landfill achieved in shopping centres since 2018

 **£865k**  
invested by Snozone for carbon reduction initiatives



People

We focused on employees holistic wellbeing, offering financial support initiatives and fitness challenges, as well as their education and development through training, mentoring and coaching.

  **64%**  
of Snozone staff received accredited or certificated training

  **40%**  
of the C&R Senior Leadership Team are women

 **620**  
internal GEM awards given to employees

 **88%**  
of Snozone staff are 'very satisfied' in their place of work



Community

We built on our community support, engaging local charities and hosting events that contribute to local community needs including education, inclusion and economic development.

 **221**  
community groups supported

 **559**  
hours spent with local BIDs

 **29%**  
growth of participation in Disability and Adaptive snow sports lessons

 **c.£300k**  
invested into local communities

# External initiatives and benchmarks



We are a member of the Better Buildings Partnership (BBP), and our shopping centres business is a signatory to the BBP Climate Commitment. We collaborate with property owners and real estate investors to improve the sustainability of commercial buildings and advocate for industry-wide transformation.



We have been reporting our climate disclosures in line with the Task Force on Climate-related Financial Disclosures (TCFD) since 2021 to effectively manage our material climate-related risks and opportunities and support informed investment decision-making (see this year's response on page 90).

## Aligning with external initiatives and benchmarks



GRESB is the world's leading ESG benchmark for real estate and infrastructure. C&R has participated in GRESB since 2018, achieving two stars in 2022, and has set a target, including within the objectives for Senior Leadership and the Board of Directors, to drive improvements.



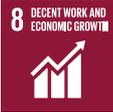
The United Nations (UN) Sustainable Development Goals (SDGs) is a globally recognised framework that forms a shared global agenda for environmental improvement, social empowerment and greater equality. C&R's ESG strategy directly contributes to seven UN SDGs (see pages 59–60 for more information).

# Realising the ambitions of the UN SDGs

Our strategy is aligned with seven SDGs where we can have the most significant impact through our business operations. These are outlined below, along with the key initiatives and measures that display our impact against the SDGs' ambitions.

SDG	Summary	Key initiatives and measures
	<p><b>We will help to eliminate poverty in all its forms, everywhere</b></p> <p>by implementing our national minimum wage (NMW) policy across C&amp;R and ensuring our third-party suppliers do the same, providing upskilling and job opportunities to local communities and fundraising for charities that support ending poverty and homelessness.</p>	<ul style="list-style-type: none"> <li>• 100% employees paid at least the NMW</li> <li>• Over £129,000 funds raised for charities across the business</li> </ul> <p><b>Shopping centres:</b></p> <ul style="list-style-type: none"> <li>• Supported food banks at each centre</li> <li>• Beat the Bills education events hosted across all shopping centres</li> </ul>
	<p><b>We will promote wellbeing for everyone</b></p> <p>through a suite of policies and procedures encompassing health and safety, wellbeing and mental health and human rights, promoting workplace initiatives such as the Wellbeing Challenge and providing all employees with safe working conditions and access to health services through our partnership with the Retail Trust.</p>	<p><b>Shopping centres:</b></p> <ul style="list-style-type: none"> <li>• Launch of Retail Trust Retail Awards App</li> <li>• 58 employees engaged with Retail Trust support services</li> <li>• 95 million steps taken through the Wellbeing Challenge</li> <li>• NHS Community Diagnostic Centre (CDC) opened in The Mall Wood Green</li> <li>• Signed lease agreement for a NHS Community Healthcare Centre in Ilford</li> <li>• Achieved an average 96% score in the independent DDS health and safety audit</li> <li>• 41% decrease in accidents vs. the 2019 base year</li> <li>• 0.9% absentee rate</li> <li>• Awarded the RoSPA Presidents Award (GOLD) for the 11th consecutive year</li> </ul> <p><b>Snozone:</b></p> <ul style="list-style-type: none"> <li>• Launch of 'Health Assured', a 24hr employee assistance service for staff health and wellbeing</li> <li>• Wagestream introduced, a money management app for staff to manage their finances</li> <li>• 96% score in the independent health and safety audit and 97% for food safety</li> </ul>
	<p><b>We will support lifelong learning opportunities</b></p> <p>by providing education to the local community through the Community Wheel of Support initiative in our shopping centres, Snozone's status as the 'Best Sporting Venue' for children learning outside the classroom and our comprehensive employee training programme.</p>	<p><b>Shopping centres:</b></p> <ul style="list-style-type: none"> <li>• 50% of employees are World Host accredited</li> <li>• 35% of employees received bespoke training in line management and thriving through change</li> <li>• 620 internal awards were given to employees recognising their acts of kindness and efforts within our GEM (Going the Extra Mile) Training Program</li> <li>• Supported three young mentees through the Step Now initiative</li> </ul> <p><b>Snozone:</b></p> <ul style="list-style-type: none"> <li>• 64% of employees received either accredited or certificated skill-based training</li> <li>• Hall of Fame annual event recognises and rewards team members who are consistently demonstrating the company's values</li> </ul>

# Realising the ambitions of the UN SDGs

SDG	Summary	Key initiatives and measures
	<p><b>We will promote gender equality and empower all women and girls</b></p> <p>through Snozone's female-first marketing approach, tailored recruitment and partnership with Sports England's This Girl Can, our membership with Real Estate Balance, implementation of diversity policies, zero-tolerance towards all forms of violence and monitoring of gender balance performance data.</p>	<ul style="list-style-type: none"> <li>• Launch of improved Maternity and Menopause Policy</li> <li>• 40% of the C&amp;R Senior Leadership Team are women</li> </ul> <p><b>Shopping centres:</b></p> <ul style="list-style-type: none"> <li>• 50% of shopping centres' general managers are women</li> <li>• 61% of employees are women across the shopping centre business</li> <li>• Launched Package for Florence initiative to eliminate period poverty</li> </ul> <p><b>Snozone:</b></p> <ul style="list-style-type: none"> <li>• 49% women in Senior Management positions</li> <li>• Introduced over 400 women and girls to snow sports free of charge on International Women's Day</li> </ul>
	<p><b>We will promote sustainable economic growth and decent work for all</b></p> <p>through our Modern Slavery Champion Programme, supporting local start-ups and small businesses to thrive in our centres, helping local charities who work with disadvantaged members of society, offering apprenticeships and developing career mentoring initiatives for youth in our communities.</p>	<p><b>Shopping centres:</b></p> <ul style="list-style-type: none"> <li>• 36 start-ups and small businesses supported</li> <li>• One apprenticeship in place</li> <li>• Three youth mentees engaged through the Step Now initiative</li> </ul>
	<p><b>We will provide inclusive, safe and resilient spaces for all</b></p> <p>by managing our buildings responsibly and operating inclusively such as through Snozone obtaining Disability Confident Employer status and its long-term partnership with Sense. Ensuring access to affordable housing is included within our residential developments and maintaining access to public spaces to promote wellbeing and community cohesion.</p>	<p><b>Shopping centres:</b></p> <ul style="list-style-type: none"> <li>• 44,096 sq.m of public realm space</li> <li>• Quiet Hour introduced weekly across all centres</li> <li>• c.£300,000 invested in supporting community services</li> </ul> <p><b>Snozone:</b></p> <ul style="list-style-type: none"> <li>• 29% growth in participation in Disability and Adaptive snow sports lessons</li> <li>• Exceeded 1,000 disability and adaptive lessons at Snozone for the first time</li> <li>• £6,000 raised for Sense, Snozone's charity partner</li> </ul>
	<p><b>We will take urgent action to combat our contribution to the climate crisis</b></p> <p>by realising progress against our commitments to net zero carbon, executing best practice in energy, water and waste management, continually reviewing the capital investment plan for each venue and centre, working with occupiers to achieve mutual environmental performance gains and spearheading green community initiatives.</p>	<ul style="list-style-type: none"> <li>• Net zero carbon by 2040 for shopping centres and Snozone</li> </ul> <p><b>Shopping centres:</b></p> <ul style="list-style-type: none"> <li>• 24% electricity and 64% gas use reduction vs. 2019</li> <li>• Zero waste to landfill</li> <li>• 11% water use reduction vs. 2019</li> </ul> <p><b>Snozone:</b></p> <ul style="list-style-type: none"> <li>• 1,765 solar panels installed at the Madrid venue</li> <li>• 11,500 trees planted to date by Snozone's offsetting activities with Tree-Nation</li> <li>• New and more efficient blast coolers installed at the Milton Keynes venue</li> <li>• 18% water use reduction vs. 2019</li> <li>• 6% electricity and 23% gas use reduction vs. 2019</li> </ul>

# Governing ESG responsibly

C&R's strategy is overseen by the ESG Committee, who is responsible for driving accountability as well as the implementation of the ESG strategy across the business. Coordinating between both shopping centres and Snozone, the committee continuously seeks to identify opportunities where ESG principles can be integrated into daily business operations and meets quarterly to receive updates on activities and progress made against targets. The committee is supported by sub-committees for each of the three pillars: Environment, People and Community, who are responsible for monitoring progress against targets. The ESG Committee then reports quarterly to the Board regarding progress made against the strategy.

ESG activities, spearheaded by shopping centres' Director of Operations & Guest Experience and Snozone's Managing Director, are developed and implemented through

continuous collaboration with onsite managers and teams. Examples include the development of the Net Zero Carbon Wheel of Delivery and initiatives to tackle current issues such as the cost-of-living crisis with our Beat the Bills campaign.

Empowered by a company-wide education programme in 2022, ESG is now present on the agenda in all Senior Leadership Team (SLT) meetings to promote the discussion of key topics and the dissemination of best practice. For the first time, organisational ESG objectives have been set for all employees in 2023. To ensure the strategy is being driven from every level and embed accountability, objectives are tailored to teams and by seniority level. The objectives aim to improve ESG engagement, reporting and performance across our three pillars, for example, to achieve progress towards C&R's net zero carbon commitments, measure the social

value we create for local communities and train all staff on key ESG topics to empower them to act in their roles. Progress against the objectives will be monitored through a selection of key performance indicators (KPIs).

ESG is also integrated into C&R's communications strategy, both internally and externally, to generate awareness of our activities and progress. For example, in 2022, we launched a dedicated ESG page on the C&R website and graphics are present throughout all our shopping centres informing visitors about our sustainability credentials and initiatives. Updates on ESG also featured in all investor presentations and we communicated key highlights during our most recent Capital Markets Day.

## Environmental, Social and Governance (ESG) Committee



# Creating value for our stakeholders

Our community focus means engaging with stakeholders is a vital part of how we understand their changing needs and safeguard the long-term success of our business. We proactively listen and share through regular, constructive engagement to communicate our strategic direction and be agile in responding to our diverse occupiers, community and public sector partner needs.

Our stakeholders	How we engage them	Issues that are important
<p><b>Our shareholders</b></p>	<p>Results presentations, roadshow meetings, annual general meeting (AGM), Group ESG meetings, ad hoc meetings, requests and email correspondence, Capital Markets Days and asset tours, attendance at investor conferences</p>	<p>Financial and operational results, awards, retail and property market perspectives, potential growth opportunities and/or corporate activity, environmental performance, social contributions, compliance</p>
<p><b>Our employees</b></p>	<p>Staff pulse engagement surveys, ESG staff training, ESG Officers, business-wide town halls with internal updates and guest speakers, monthly employee voice meetings and 24/7 anonymous feedback platform, coaching and mentoring programme</p>	<p>ESG, health and wellbeing, community support, British Heart Foundation cardiopulmonary resuscitation (CPR) training, International Women's Day, business planning, board updates, annual and half year results, leadership and line management training</p>
<p><b>Our suppliers</b></p>	<p>Tendering, appointment and monitoring against defined capital and revenue project scopes, regular performance review meetings</p>	<p>Values and vision, community relevance, local employment, sustainability credentials, cost-effectiveness, performance</p>
<p><b>Our retail customers and occupiers</b></p>	<p>Marketing boards, website, engagement with agents, onsite meetings, social media, business exposure onsite, local authorities and investment</p>	<p>Identifying the right location, demographic, leasing, term and budget, branding and fit out of their unit, footfall</p>
<p><b>Our communities and guests</b></p>	<p>Websites, social media, marketing events and key launches, continuous guest activities and programmes, loyalty card, emails</p>	<p>Consumer marketing campaigns, ESG, charity and community support, new retailer openings</p>
<p><b>Local authorities</b></p>	<p>Ad hoc interactions between varying levels, Business Improvement Districts (BIDs), support to a variety of delivery boards, town centre boards and stakeholder frameworks, charitable support, headlease engagement where local authorities are freehold partners</p>	<p>Planning applications, headlease administration, town centre master planning, Business Improvement Districts, business rates, town centre marketing/event support, key stakeholder interactions</p>



# ESG Report CONTINUED

## Environment

At C&R, managing the environmental impact of our owned and leased assets through the property lifecycle, from refurbishment to operation, means we can embed resilience against our ESG risks, realise opportunities associated with environmental improvements and ensure better places for all the enjoy. With the effects of climate change being felt worldwide, and the built environment responsible for 25% of the UK's carbon emissions<sup>1</sup>, the real estate sector has a responsibility, now more than ever, to play its part in the green transition.

This year we achieved significant reductions in energy consumption compared to 2019, our most recent year unaffected by the consequences of COVID-19. In 2021, our business operations continued to see effects from pandemic-related government restrictions, such as Snozone closures during their peak season (January 2021 to 14 April 2021). As a result, 2022 saw increases in energy and water consumption relative to the previous year. Record-breaking high temperatures in the summer and lower-than-average negative temperatures in the winter created direct impacts at the asset level, with C&R experiencing first-hand, climate-related issues including increased flood risk and cooling/heating requirements. This year also saw a dramatic increase in energy costs, requiring C&R to implement tools and initiatives to limit the impact on the business, its people and the communities we operate within.

C&R has committed shopping centres and Snozone to achieve net zero by 2040. To reach this goal, with the support of experts in the industry, we have developed individual net zero pathways for each business to reflect the different opportunities and challenges they both face, with short, medium, and long-term goals across Scope 1, 2 and 3 emissions. As we build a deeper understanding of our performance based on actual data, we will set further targets and milestones to guide the achievement of our commitments.

### Key Highlights<sup>2</sup>



**Net zero by 2040 target** set by shopping centres and Snozone



**28% reduction in Scope 1 and 2 emissions** across the Group compared to the 2019 baseline



**£865k capital invested** by Snozone in carbon reduction initiatives



**Zero waste to landfill** achieved in shopping centres since 2018



**11,500 trees planted** by Snozone in their partnership with Tree-Nation since 2021

1. UKGBC, (2021), Climate Change – UKGBC's vision for a sustainable built environment is one that mitigates and adapts to climate change. Available from: <https://www.ukgbc.org/climate-change-2/>  
 2. All figures relating to energy, emission, and water reductions exclude Snozone Madrid unless noted otherwise.



**Yentl Yeung**  
Performance Analyst

### Our People

Yentl started working at Capital & Regional in 2021, after making the move to London from Hong Kong. Before joining C&R, she qualified as a Chartered Engineer and became a certified Project Management Professional (PMP®) with over seven years of experiences in various industries. Yentl is currently part of the Investment and Analytics Team. She is passionate about process improvement and data analysis. She enjoys drilling down in the data to provide insights that help influence strategy planning and business decisions.

Yentl is also part of the company's Diversity and Inclusion and Employee Voice committees, eager to bring people closer together and create a harmonious working environment for people to grow and strive.

# Net zero roadmap

Net Zero by 2040

## Embodied carbon



- Define and introduce sustainable refurbishment guidelines for major and minor refurbishments
- Conduct whole life carbon and climate risk assessments for all refurbishments and fit outs

## Operational carbon



- Implement occupier engagement strategy and scale-up the use of green lease clauses
- Improve data accuracy and coverage
- Embed net zero criteria into the pre-acquisition process
- Integrate findings of asset level audits into existing multi-year carbon reduction plans for each asset, and extend plans to incorporate asset level climate risk information
- Continue LED lighting upgrades
- Continued investment in decarbonising consumption with new technologies
- Achieve 80% reduction in operational carbon (Scope 1 & 2) by 2036

### 2022 Progress

- Reduced Scope 1 & 2 emissions by 42% since 2019
- Venues now 100% equipped with LED lamping

## Onsite generation



- Onsite renewable energy strategy in development
- Solar PV installation

### 2022 Progress

- 1,765 solar panels installed on the roof at Snozone Madrid, estimated to reduce operational costs by up to 40% p.a.

## Renewable energy procurement



- Work with occupiers to increase high-quality renewable energy procurement
- Continue to procure 100% landlord renewable electricity and identify high-quality renewable energy sources

### 2022 Progress

- 100% electricity consumption is from renewable sources
- Zero emissions from refrigerants at Snozone

## Offsetting



- Develop a carbon offsetting strategy
- Plant 9,000 trees in partnership with Tree Nation by the end of 2023

### 2022 Progress

- 11,500 trees planted in partnership with Tree Nation by the end of 2022, reforesting 12 hectares of land and offsetting 1,440 t CO<sub>2</sub>

In 2022, shopping centres achieved a **64% reduction** in Scope 1 emissions and a **43% reduction** in Scope 2 emissions compared to the 2019 baseline. This is equivalent to 2,282 tCO<sub>2</sub>.

**Shopping centres are net zero carbon by 2040**

For our shopping centres, we have developed a robust pathway aligned with the BBP Climate Commitment and the UK Green Building Council's (UKGBC) definition of net zero. Our commitment covers embodied carbon associated with refurbishments and fit-outs and operational carbon from landlord and occupier energy consumption, along with other measured emission sources (see Our pathway to Net Zero Carbon for more information).

The first step in developing our pathway was to understand our baseline portfolio emissions. From this, we then developed our projections for 2040, identifying opportunities and targets for emission reductions. These steps resulted in a pathway that prioritises the necessary emission reductions up to our target year and beyond. To support our carbon pathway, we developed a clear and actionable implementation plan designed with all stages of the property lifecycle in mind. We have ensured that our transition to net zero carbon is aligned with Snozone's net zero carbon pathway and best practice industry targets, such as the Carbon Risk Real Estate Monitor (CRREM) and the forthcoming UK Net Zero Carbon Buildings Standard.

Our shopping centres' Scope 3 emissions relating to occupier energy consumption make up an estimated 83% of our total emissions (based on our baseline year of 2019). This means that managing these emissions is central to achieving our net zero carbon commitment. With occupier emissions falling outside of our direct management or ownership, tackling them proves a challenge for C&R and across the wider industry. To address this, we have created an enhanced occupier engagement strategy to promote collaboration. The strategy includes net zero carbon audits, sustainability training and upskilling for both our team and occupiers, as well as the implementation of engagement initiatives. For example, we have been engaging with CRATE UK on the design of a new Market Hall in Walthamstow, a vibrant hub for the community. CRATE, C&R's design team and external agencies have been collaborating to ensure the final design incorporates best practice sustainability principles such as renewable energy sources, maximising the use of natural light and biophilia.

This has resulted in an estimated EPC rating of A. We also intend to incorporate collaboration and sustainability into our new leases and renewals, including scaling up our use of green lease clauses. A key focus for 2023 is to increase the collection of occupier data to enhance this strategy.

This year we also introduced the Net Zero Carbon Committee. The committee aims to ensure the effective progress of our net zero carbon pathway by managing any required interventions, increasing retailer and occupier engagement, and planning EPC performance improvements. The Net Zero Carbon Committee Wheel of Delivery was launched across our shopping centre business as part of our ESG Takeover Day in Q3 2022 and covers 12 key areas to target. The committee proactively looks at performance trends and opportunities that might help progress towards our net zero commitment. Through our ESG committee, each centre's committee updates are presented quarterly to the Board to monitor progress.



### Snozone is net zero carbon by 2040

Snozone's net zero pathway consists of a comprehensive plan to decarbonise its portfolio. Targeting an 80% reduction in operational carbon by 2036 and guided by the Greenhouse Gas (GHG) Protocol, Snozone's net zero plan includes energy consumption targets as well as the improvement of energy sourcing.

Snozone has already made strong progress through investment in its assets and continues to seek ways to balance the impact our portfolio has on the environment through carbon reduction projects. This year we invested £865,000 in carbon reduction initiatives: a blast cooler replacement in Milton Keynes; upgrading of our cooling tower in Yorkshire; solar panel installation in Madrid; upgrading of our glycol liquid piping in Milton Keynes; and installation of LED lighting in Yorkshire. All three Snozone sites are powered by 100% renewable energy, comprising both wind and solar energy generation.

Similar to our shopping centres, the little control we have over Snozone's Scope 3 emissions has provided a challenge. Travel to Snozone venues represents a large proportion of these emissions, and to overcome this, several initiatives have been launched. These include cycle-to-work schemes for team members and maintenance optimisation such as consolidating service providers within our supply chain to reduce venue visit frequency.

### Energy

Energy efficiency is critical to achieve our net zero carbon commitment and therefore a priority across the business. Due to our efforts in 2022, we have seen a significant improvement in our performance. Shopping centres observed a 24% reduction in electricity consumption and a 64% reduction in gas consumption compared to the 2019 baseline. Reductions were partially achieved due to an ongoing large-scale LED lighting upgrade project, which involves the replacement of lamps with LED lighting in common parts and car parks by June 2023. It is estimated that this will result in 50% energy savings on the newly installed units.

However, the substantial energy savings in shopping centres is testament to the determination of onsite staff to implement operational efficiencies. Despite significant hikes in energy prices, we saw minimal overspend on our utilities due to the team's onsite energy reduction efforts. At The Mall Maidstone, for example, our team executed significant behaviour change, contributing to a 33% electricity saving compared to 2019. This was achieved through BMS efficiencies, out-of-hour load checks and a significant

shift in culture, where all staff changed their behaviours to mitigate unnecessary energy use. Similar efforts within Snozone led the local team in Madrid to reduce its energy consumption by 9% compared to 2021.

This year, Snozone's utility consumption reduction vs. the 2019 baseline year either met or exceeded all reduction targets. This included a 6% reduction in electricity and a 23% reduction in Scope 1 gas. Snozone's biggest source of energy consumption is creating a snow block and maintaining a temperature of -3°C. To manage this energy source more effectively, Snozone has invested in ammonia-based coolant technologies and will continue to upgrade this equipment to deliver significant cost and carbon benefits. Further to this, the monitoring of chiller shutdowns by our ESG Officers has resulted in a reduction in carbon emissions by 8%. At the Madrid venue, alongside the ski boxes in the UK, all conventional light fittings have been retrofitted with LED technology, which has both lowered heat emissions associated with the lighting and reduced direct energy consumption. In 2022, Snozone also completed the transition of all restaurants and office space to 100% LED lighting.

### Energy Performance Certificates (EPC)

From 1 April 2023, the regulations around EPC ratings are tightening. It will be a requirement for all existing leases to achieve a minimum EPC rating of E. To achieve this, our shopping centres are recording EPC ratings at the store level to increase focus and highlight areas where ratings need to be improved and we will work on providing our retailers with tools to help improve performance. We have also included EPC management as a key target area in our Net Zero Carbon Pathway Wheel of Delivery.

### Onsite renewables

As part of both shopping centres' and Snozone's net zero carbon pathways, high-quality renewable onsite energy generation will be sought out and installed where feasible. Our electricity consumption across all assets is from 100% renewable sources, with Snozone producing zero emissions from ammonia refrigerants despite its cooling requirements.

In 2022, Snozone Madrid had 1,765 solar panels installed across the roof of the Xanadu centre, which is estimated to reduce operational costs by up to 40% per annum. With an installed capacity of 545 kWh per panel, in total, this amounts to 962,000 kWh of solar energy generation.



Well done Snozone for supporting the Tree-Nation initiative. We all need to look after this wonderful planet of ours to ensure it survives for us now and for generations to come.

Angela Ireland  
(Guest)

In 2022, Snozone **reduced** its Scope 1 emissions by **24%** and Scope 2 emissions by **29%** compared to the 2019 baseline, equivalent to 430 tCO<sub>2</sub>.

For shopping centres, our Food & Beverage (F&B) occupiers' high reliance on gas sources has created a challenge and we aim to investigate ways to transition to renewables in the future. We have actively worked with CRATE Places UK, our new Market Hall tenant to design a food offering that will utilise renewable energy sources, maximise natural light and incorporate greenery within the space.

### Waste and water

The retail sector in the UK is responsible for around 12% of all industrial and commercial waste<sup>1</sup>. C&R therefore consider the promotion of circular economy principles through reducing waste as one of our core sustainability values. This year, shopping centres have experienced progress through initiatives such as the deployment of retailer waste management training from Don't Waste, our waste management consultant, which has led to a reduction in waste contamination as well as improved waste disposal controls. Once again, zero waste was sent to landfill in 2022.

At all our shopping centre locations, we collaborate with Don't Waste to ensure we continue to achieve this. For example, The Exchange, Ilford was awarded an International Green Apple Environment Award this year for its environmental best practice. The centre, in partnership with Don't Waste, made significant progress on improving its recycling accuracy onsite. A new signage package, additional bins, an occupier engagement programme and a full review of the recycling process, helped the centre maintain zero waste to landfill, reduce the frequency of food waste bin collections as well as improve rebates, with cardboard rebates offsetting all waste costs for April 2022.

Our strong performance is also due to the success of our community events that engage visitors on waste reduction and recycling. Disposable coffee cup recycling, a pilot initiative at our shopping centre in Redditch, proved to be extremely successful, with over 1,000 cups collected. These have gone on to be repurposed as greeting cards or other products.

As a tenant within a larger leisure scheme, Snozone is not directly responsible for its waste management. We do, however, ensure that we only work with suppliers who share our waste reduction values, such as those who do not use single-use plastic packaging. Our coffee provider, who delivers products using an electric fleet, supplies their bags in compostable packages, while all onsite drinks are provided in aluminium or glass packaging, which has a higher recycling rate.

Snozone also has ESG Officers at each venue who help with waste reduction initiatives such as encouraging the use of recycling bins, reducing printer paper, and working with food and beverage teams to reduce food waste.

C&R considers water reduction measures throughout the business, and our water management system has been highlighted as an area of focus moving forward. In comparison to the 2019 baseline, we saw water consumption reductions of 11% in shopping centres and 18% in Snozone locations, exceeding our 10% reduction target.

### Nature

With a nature-positive ambition, C&R aims to regenerate and increase biodiversity where possible and reduce the impacts of our business on nature. With this goal in mind and to offset its carbon footprint, Snozone has a partnership with Tree-Nation, supporting the mission of global reforestation. By planting trees all around the world, Tree-Nation aids Snozone in reducing carbon emissions and restores and regenerates the environment in places where biodiversity transformation is required. As part of this initiative, Snozone has planted 11,500 trees since its partnership with Tree-Nation began in October 2021, with 8,726 planted in 2022. This means Snozone has now reforested over 12 hectares of land and offset over 1,440 tonnes of CO<sub>2</sub>.

An example of how our shopping centres foster biodiversity is through the introduction of beehives at The Mall, Luton. In April 2021, members of the team created beehives and an enclosure on the rooftop car parks to house a delivery of bees from a local beekeeper. Members of the team work regularly with the local beekeeper to ensure that the bees swarm and have now moved them to a permanent hive on the rooftop, as well as setting up a pollinating garden.

### Climate Risk

Human-induced climate change is already causing shifts in weather patterns in every region across the world, with droughts, heavy precipitation and flooding all projected to intensify in the coming years. Physical climate events are being experienced on a now-regular basis across the UK and awareness is growing on the significant risk climate change poses to the entire financial system. This has contributed to significant policy action across the UK to support the transition to a low-carbon economy and mitigate future impacts of climate change.

<sup>1</sup> Fresco Environmental, (2021), Shopping Centres: How You Can Recycle More, Available from: <https://frescoenvironmental.com/shopping>



To understand the risks associated with climate-related physical and transition risks and protect our communities from being impacted, we have conducted a detailed assessment of climate risk governance at C&R and the climate-related risks posed to the business and portfolio across multiple climate scenarios and time horizons. To effectively manage these risks and benefit from related opportunities, such as reducing operational costs and capital expenditure and increasing revenues and asset values, we have integrated climate-related risks into our risk management framework and formalised oversight responsibilities. Climate risk has also been embedded into our strategic approach and informs our strategic financial planning and investment decisions. We have also started to implement climate risk mitigation and adaptation measures at the site level to directly manage climate-related risks.

To learn more about our climate risk management see pages 90–97 for our second response to the Task Force on Climate-related Financial Disclosures.

### Environmental Education

We believe in the importance of helping individuals develop a deeper understanding of environmental issues and encouraging responsible behaviour. In 2022, we ran several community initiatives with this goal in mind. For example, The Mall Maidstone’s ‘Go Green’ event celebrated Great Big Green Week by hosting an entire week of free activities, talks and events, which were open to everyone. This included a Climate and Healthy Talk with Councillor Stuart Jeffery, a ‘Small Changes in Sustainable Living’ workshop as well as a ‘Going Veggie’ talk hosted by The Vegetarian

Society UK. Maidstone Borough Council’s Climate Change and Biodiversity team also created a ‘Go Green Information Centre’ within the shopping centre. They took over an empty unit until the end of September and used it to help anyone who may be confused, sceptical or unsure of where to start with becoming greener and more sustainable.

For three weeks during the summer school holidays, 17&Central, Walthamstow ran their sustainable summer camp, teaching children to be sustainable and offering fun activities to get involved in. The summer camp helped children learn how their garden grows and how they can help make their homes and the world greener. Grow-Your-Own workshops were held, where children could make their own gardening aprons and water bottles, as well as sustainable interactive story-times, special games, trials and activities. The camp aimed to educate children on how small changes at home can create a big green difference. In another example, The Tiny Gardens Project in Ilford displayed different plants, herbs and small gardens to give inspiration, hints and tips on how people can plant indoors or in small outdoor spaces. The unit was open to the public for two weeks, where guests could visit and vote for their favourite garden by placing a coffee bean into a pot by the garden of their choice. The team was awarded the Sceptre Award for Sustainability Initiative of the Year 2022.



There are resources to help people better understand the solutions, products, and services already available that can help them lead a more sustainable life.

**Councillor David Burton**  
Leader of Maidstone Borough Council

# ESG Report CONTINUED

## Environment

### European Public Real Estate Association (EPRA) Sustainability Best Practices Recommendations (sBPR)

The EPRA sBPR intend to raise the standards of sustainability reporting for listed real estate companies and provide a consistent way in which to report environmental, social and corporate impacts. Below we have disclosed our 2022 energy, carbon, water and waste performance in accordance with the sBPR and has been externally verified by HDR, Inc.

#### Capital and Regional 2022 Annual Reporting

EPRA Performance Indicator	Total electricity consumption (kWh)	Total gas consumption (kWh)	Energy Intensity (kwh/sqft/year)	Total direct GHG emissions (annual metric tonnes tCO <sub>2</sub> e)	Total indirect GHG emissions (tCO <sub>2</sub> e)	GHG Intensity from building energy (kgCO <sub>2</sub> e/sqft/year)
	<b>Elec-Abs</b>	<b>Fuel-Abs</b>	<b>Energy - Int</b>	<b>GHG-Dir-Abs</b>	<b>GHG-Indir-Abs</b>	<b>GHG-Int</b>
<b>2022</b>						
<b>Retail Portfolio Shopping centres</b>						
Redditch	2,015,489	55	2.0	0.01	390	0.39
Blackburn*	654,647	n/a	1.1	-	127	0.21
Luton	2,164,026	767,018	3.2	140	418	0.62
Maidstone	1,445,766	411,656	3.7	75	280	0.71
Walthamstow	851,431	n/a	3.3	-	165	0.63
Wood Green	2,149,389	431,921	4.7	79	416	0.90
Hemel Hempstead	903,692	50,035	1.4	9	175	0.28
Ilford*	1,948,242	-	6.5	-	377	1.26
<b>Total</b>	<b>12,132,682</b>	<b>1,660,685</b>	<b>2.9</b>	<b>303</b>	<b>2,346</b>	<b>0.55</b>
<b>Snozone**</b>						
Milton Keynes	1,852,704	871,005	50.9	159	358	6.69
Castleford	2,634,728	426,194	112.6	78	510	18.75
Madrid, Spain	5,156,311	-	179.9	-	1,005	33.52
<b>Total (Not incl. Madrid)</b>	<b>4,487,431</b>	<b>1,297,199</b>	<b>71.7</b>	<b>237</b>	<b>868</b>	<b>10.75</b>
<b>Total (incl. Madrid)</b>	<b>9,643,742</b>	<b>1,297,199</b>	<b>99</b>	<b>237</b>	<b>1,873</b>	<b>19.06</b>
<b>2021</b>						
<b>Retail Portfolio Shopping centres</b>						
Redditch	2,203,628	55	2.2	-	468	0.47
Blackburn*	1,034,335	n/a	1.7	-	220	0.04
Luton	2,187,776	1,242,103	3.8	228	465	0.76
Maidstone	1,431,499	519,174	3.9	95	304	0.80
Walthamstow	623,465	n/a	2.4	n/a	132	0.51
Wood Green	1,969,431	372,199	4.3	68	418	0.88
Hemel Hempstead	936,921	128,410	1.6	24	199	0.33
Ilford	1,636,895	67,615	5.7	12	348	1.20
<b>Total</b>	<b>12,023,949</b>	<b>2,329,556</b>	<b>3.0</b>	<b>427</b>	<b>2,553</b>	<b>0.62</b>
<b>Snozone**</b>						
Milton Keynes	1,894,353	649,286	47.5	119	402	7.51
Castleford	2,323,409	343,905	98.1	63	493	18.15
Madrid, Spain	4,994,451	-	166.5	-	849	28.30
<b>Total (Not incl. Madrid)</b>	<b>4,217,762</b>	<b>993,191</b>	<b>64.6</b>	<b>182</b>	<b>896</b>	<b>11.10</b>
<b>Total (incl. Madrid)</b>	<b>9,212,213</b>	<b>993,191</b>	<b>92</b>	<b>182</b>	<b>1,745</b>	<b>15.76</b>
<b>2020</b>						
<b>Retail Portfolio Shopping centres</b>						
Redditch	2,368,543	29,702	2	5	552	0.56
Blackburn*	1,093,871	n/a	2	n/a	255	0.04
Luton	2,446,827	1,865,347	5	343	570	1.01
Maidstone	1,532,259	986,226	5	181	357	1.08
Walthamstow	494,696	n/a	2	n/a	115	0.44
Wood Green	2,053,453	1,171,821	6	215	479	1.26
Hemel Hempstead	1,030,125	285,410.00	2	52	240	0.44
Ilford	1,685,665	291,282.12	7	54	393	1.49
<b>Total</b>	<b>12,705,437</b>	<b>4,629,788</b>	<b>4</b>	<b>851</b>	<b>2,962</b>	<b>0.80</b>
<b>Snozone**</b>						
Milton Keynes	1,839,721	488,030	43	89.73	429	9.69
Castleford	1,980,520	500,938	91	92	462	20.38
<b>Total</b>	<b>3,820,241</b>	<b>988,968</b>	<b>60</b>	<b>182</b>	<b>891</b>	<b>13.29</b>

## Notes

London office data has not been used in EPRA reporting. The office accounts for less than 0.5% of electricity consumption across the portfolio. The London office has been captured in the mandatory reporting figures.

Actual invoice data has been used for reporting wherever possible, however some estimated data has been used where data has not been available. The information in this report represents the best information available at the time of issue.

\* The Blackburn site was disposed of in August 2022, slightly impacting the centres' energy use

\*\* Waste at all Snozone dealt with directly by the landlord, with costs for this including in the service charge. Snozone are not able to obtain accurate waste figures at this time as the waste bins are shared by all tenants.

Total water withdrawn from source (annual m <sup>3</sup> )	Building water intensity (m <sup>3</sup> /sqft/ year)	Total weight of waste by disposal route (annual metric tonnes – landfill)	Total weight of waste by disposal route (annual metric tonnes – incineration)	Total weight of waste by disposal route (annual metric tonnes – recovery)	Total weight of waste by disposal route (annual metric tonnes – recycled)	Total weight of waste by disposal route (annual metric tonnes – anaerobic digestion)
Water-Abs	Water-Int	Waste-Abs	Waste-Abs	Waste-Abs	Waste-Abs	Waste-Abs
8,250	0.01	-	-	82	119	2
1,574	0.003	-	133	-	78	2
10,061	0.01	-	106	-	320	10
4,019	0.01	-	287	-	67	4
7,842	0.03	-	239	-	107	-
14,738	0.03	-	-	54	929	44
10,971	0.02	-	36	-	94	5
13,106	0.04	-	183	-	79	4
<b>70,561</b>	<b>0.01</b>	<b>-</b>	<b>984</b>	<b>136</b>	<b>1,793</b>	<b>70</b>
4,056	0.08	Not Available	Not Available	Not Available	Not Available	Not Available
7,248	0.27	Not Available	Not Available	Not Available	Not Available	Not Available
15,312	0.51	Not Available	Not Available	Not Available	Not Available	Not Available
<b>11,304</b>	<b>0.14</b>	<b>Not Available</b>	<b>Not Available</b>	<b>Not Available</b>	<b>Not Available</b>	<b>Not Available</b>
<b>26,616</b>	<b>0.24</b>	<b>Not Available</b>	<b>Not Available</b>	<b>Not Available</b>	<b>Not Available</b>	<b>Not Available</b>
7,494	0.01	-	-	-	144	3
1,687	0.003	-	194	-	133	14
6,958	0.01	-	70	-	287	7
4,019	0.01	-	182	-	157	4
7,565	0.03	-	185	-	95	2
7,426	0.01	-	-	55	883	52
13,363	0.02	-	35	-	91	2
8,866	0.03	-	120	-	54	9
<b>57,377</b>	<b>0.01</b>	<b>-</b>	<b>787</b>	<b>55</b>	<b>1,845</b>	<b>92</b>
2,527	0.05	Not Available	Not Available	Not Available	Not Available	Not Available
6,096	0.22	Not Available	Not Available	Not Available	Not Available	Not Available
13,410	0.45	Not Available	Not Available	Not Available	Not Available	Not Available
<b>8,623</b>	<b>0.11</b>	<b>Not Available</b>	<b>Not Available</b>	<b>Not Available</b>	<b>Not Available</b>	<b>Not Available</b>
<b>22,033</b>	<b>0.20</b>	<b>Not Available</b>	<b>Not Available</b>	<b>Not Available</b>	<b>Not Available</b>	<b>Not Available</b>
6,412	0.01	-	-	-	140	3
1,836	0.003	-	36	-	302	8
5,684	0.01	-	58	-	264	8
3,079	0.01	-	162	-	122	4
5,537	0.02	-	204	-	74	-
5,738	0.01	-	-	74	865	18
6,982	0.01	-	10	31.6	67	4
14,733	0.05	-	110	-	60	27
<b>50,000</b>	<b>0.01</b>	<b>-</b>	<b>580</b>	<b>105.3</b>	<b>1,894</b>	<b>71</b>
1,254	0.02	Not Available	Not Available	Not Available	Not Available	Not Available
5,560	0.20	Not Available	Not Available	Not Available	Not Available	Not Available
<b>6,814</b>	<b>0.08</b>	<b>Not Available</b>	<b>Not Available</b>	<b>Not Available</b>	<b>Not Available</b>	<b>Not Available</b>

# ESG Report CONTINUED

## Environment

EPRA Performance Indicator	Total electricity consumption (kWh)	Total gas consumption (kWh)	Energy Intensity (kwh/sqft/year)	Total direct GHG emissions (annual metric tonnes tCO <sub>2</sub> e)	Total indirect GHG emissions (tCO <sub>2</sub> e)	GHG Intensity from building energy (kgCO <sub>2</sub> e/sqft/year)
	<b>Elec-Abs</b>	<b>Fuel-Abs</b>	<b>Energy - Int</b>	<b>GHG-Dir-Abs</b>	<b>GHG-Indir-Abs</b>	<b>GHG-Int</b>
<b>2019</b>						
<b>Retail Portfolio Shopping centres</b>						
Redditch	3,046,669	93,230	3	17.14	779	0.80
Blackburn*	1,391,121	n/a	2	n/a	356	0.59
Luton	3,128,967	1,622,309	5	298	800	1.21
Maidstone	2,155,695	1,165,604	7	214	551	1.53
Walthamstow	549,506	n/a	2	n/a	140	0.54
Wood Green	2,596,843	1,240,396	7	228	664	1.62
Hemel Hempstead	1,040,008	109,412	2	20	266	0.43
Ilford	2,103,621	325,780	8	60	538	1.99
<b>Total</b>	<b>16,012,429</b>	<b>4,556,731</b>	<b>4</b>	<b>838</b>	<b>4,093</b>	<b>1.03</b>
<b>Snozone**</b>						
Milton Keynes	2,408,567	1,033,442	64	190	616	15.05
Castleford	2,381,288	658,414	112	121	609	26.85
<b>Total</b>	<b>4,789,855</b>	<b>1,691,856</b>	<b>80</b>	<b>311</b>	<b>1,224</b>	<b>19.0</b>
<b>2018</b>						
<b>Retail Portfolio Shopping centres</b>						
Redditch	3,182,276	151,235	3	28	901	0.93
Blackburn	1,449,552	n/a	2	n/a	410	0.68
Luton	3,068,009	1,270,673	5	234	868	1.22
Maidstone	2,406,230	1,668,799	8	307	681	1.98
Walthamstow	583,924	n/a	2	n/a	165	0.64
Wood Green	2,612,918	1,112,720	7	205	740	1.72
Hemel Hempstead	1,118,218	157,122	2	29	317	0.52
Ilford	3,665,083	160,709	13	30	1,037	3.56
<b>Total</b>	<b>18,086,210</b>	<b>4,521,258</b>	<b>5</b>	<b>832</b>	<b>5,120</b>	<b>1.2</b>
<b>Snozone**</b>						
Milton Keynes	2,395,383	921,558	62	170	678	15.83
Castleford	2,485,531	678,959	116	125	704	30.48
<b>Total</b>	<b>4,880,914</b>	<b>1,600,517</b>	<b>80</b>	<b>294</b>	<b>1,382</b>	<b>21</b>

### Notes

Snozone Madrid has been reported for completeness but lies outside of the UK mandatory reporting. The Madrid site was purchased in February 2021 therefore the 2021 figure only includes 11 months of usage from when operational control began. While the site purchases renewable electricity, for consistency with the UK report London office data has not been used in EPRA reporting. The office accounts for less than 0.5% of electricity consumption across the portfolio. The London office has been captured in the mandatory reporting figure. Actual invoice data has been used for reporting wherever possible, however some estimated data has been used where data has not been available. The information in this report represents the best information available at the time of issue.

\* The Blackburn site was disposed of in August 2022, slightly impacting the centres' energy use

\*\* Waste at all Snozone sites is dealt with directly by the landlord, with costs for this including in the service charge. Snozone are not able to obtain accurate waste figures at this time as the waste bins are shared by all tenants.

Total water withdrawn from source (annual m <sup>3</sup> )	Building water intensity (m <sup>3</sup> /sqft/ year)	Total weight of waste by disposal route (annual metric tonnes - landfill)	Total weight of waste by disposal route (annual metric tonnes - incineration)	Total weight of waste by disposal route (annual metric tonnes - recovery)	Total weight of waste by disposal route (annual metric tonnes - recycled)	Total weight of waste by disposal route (annual metric tonnes - anaerobic digestion)
Water-Abs	Water-Int	Waste-Abs	Waste-Abs	Waste-Abs	Waste-Abs	Waste-Abs
13,973	0.01	-	2	-	215	3
2,266	0.00	-	213	-	297	-
10,567	0.01	-	76	-	461	10
3,079	0.01	-	309	-	293	5
12,452	0.05	-	314	-	137	-
10,784	0.02	-	37	-	573	-
9,391	0.01	-	41	-	107	-
16,766	0.06	-	237	-	70	44
<b>79,278</b>	<b>0.02</b>	<b>-</b>	<b>1,229</b>	<b>-</b>	<b>2,152</b>	<b>62</b>
6,718	0.13	Not Available	Not Available	-	Not Available	Not Available
7,109	0.26	Not Available	Not Available	-	Not Available	Not Available
<b>13,827</b>	<b>0.17</b>	<b>Not Available</b>	<b>Not Available</b>	<b>Not Available</b>	<b>Not Available</b>	<b>Not Available</b>
10,120	0.01	-	6	-	275	2
2,736	0.00	-	-	-	613	-
13,199	0.01	-	82	-	494	9
3,079	0.01	-	273	-	340	-
12,255	0.05	-	252	-	151	-
10,784	0.02	-	81	-	1,303	-
12,701	0.02	-	45	-	119	-
9,200	0.03	-	212	-	24	58
<b>74,074</b>	<b>0.02</b>	<b>-</b>	<b>951</b>	<b>-</b>	<b>3,320</b>	<b>69</b>
4,703	0.09	Not Available	Not Available	-	Not Available	Not Available
7,975	0.29	Not Available	Not Available	-	Not Available	Not Available
<b>12,678</b>	<b>0.16</b>	<b>Not Available</b>	<b>Not Available</b>	<b>Not Available</b>	<b>Not Available</b>	<b>Not Available</b>

# ESG Report CONTINUED

## Environment

	Total electricity consumption (kWh)	Like for like electricity consumption (kWh)*	Total gas consumption (kWh)	Like for like gas consumption (kWh)*	Energy Intensity (kwh/sqft/year)	Total direct GHG emissions (annual metric tonnes tCO <sub>2</sub> e)	Total indirect GHG emissions (tCO <sub>2</sub> e)
<b>EPRA Performance Indicator</b>	<b>Elec-Abs</b>	<b>Elec - Lfl</b>	<b>Fuel-Abs</b>	<b>Fuels - Lfl</b>	<b>Energy - Int</b>	<b>GHG-Dir-Abs</b>	<b>GHG-Indir-Abs</b>
<b>2022</b>							
<b>Retail Portfolio</b>							
Shopping centres Snozone - UK Centres**	12,132,682	12,132,682	1,660,685	1,660,685	2.88	303	2,346
Snozone - Madrid Centre, Spain	4,487,431	4,487,431	1,297,199	1,297,199	71.67	237	868
	5,156,311	5,156,311	-	-	171.88	-	1,005
<b>Total (not incl. Madrid)</b>	<b>16,620,113</b>	<b>16,620,113</b>	<b>2,957,885</b>	<b>2,957,885</b>	<b>4.02</b>	<b>540</b>	<b>3,214</b>
<b>Total (incl. Madrid)</b>	<b>21,776,424</b>	<b>21,776,424</b>	<b>2,957,885</b>	<b>2,957,885</b>	<b>5.05</b>	<b>540</b>	<b>4,219</b>
<b>2021</b>							
<b>Retail Portfolio</b>							
Shopping centres Snozone - UK Centres**	12,023,949	12,023,949	2,329,556	2,329,556	3.0	427	2,553
Snozone - Madrid Centre, Spain	4,217,762	4,217,762	993,191	993,191	64.6	182	896
	4,994,451	4,994,451	-	-	166.5	-	849
<b>Total (not incl. Madrid)</b>	<b>16,241,712</b>	<b>16,241,712</b>	<b>3,322,747</b>	<b>3,322,747</b>	<b>4.0</b>	<b>609</b>	<b>3,449</b>
<b>Total (incl. Madrid)</b>	<b>21,236,163</b>	<b>21,236,163</b>	<b>3,322,747</b>	<b>3,322,747</b>	<b>5.02</b>	<b>609</b>	<b>4,298</b>
<b>2020</b>							
<b>Retail Portfolio</b>							
Shopping centres Snozone**	12,705,437	12,705,437	4,629,788	4,629,788	3.6	851	2,962
	3,820,241	3,820,241	988,968	988,968	59.6	182	891
<b>Total</b>	<b>16,525,678</b>	<b>16,525,678</b>	<b>5,618,756</b>	<b>5,618,756</b>	<b>4.6</b>	<b>1,033</b>	<b>3,853</b>
<b>2019</b>							
<b>Retail Portfolio</b>							
Shopping centres Snozone**	16,012,429	16,012,429	4,556,731	4,556,731	4.3	838	4,093
	4,789,855	4,789,855	1,691,856	1,691,856	80.3	311	1,224
<b>Total</b>	<b>20,802,284</b>	<b>20,802,284</b>	<b>6,248,587</b>	<b>6,248,587</b>	<b>5.6</b>	<b>1,149</b>	<b>5,317</b>
<b>2018</b>							
<b>Retail Portfolio</b>							
Shopping centres Snozone**	18,086,210	18,086,210	4,521,258	4,521,258	4.7	832	5,120
	4,880,914	4,880,914	1,600,517	1,600,517	80.3	294	1,382
<b>Total</b>	<b>22,967,123</b>	<b>22,967,123</b>	<b>6,121,774</b>	<b>6,121,774</b>	<b>6.0</b>	<b>1,126</b>	<b>6,501</b>

### Notes

Snozone Madrid has been reported for completeness but lies outside of the UK mandatory reporting. The Madrid site was purchased in February 2021 therefore the 2021 figure only includes 11 months of usage from when operational control began. While the site purchases renewable electricity, for consistency with the UK reporting a location based factor has been used.

London office data has not been used in EPRA reporting. The office accounts for less than 0.5% of electricity consumption across the portfolio. The London office has been captured in the mandatory reporting figures.

Actual invoice data has been used for reporting wherever possible, however some estimated data has been used where data has not been available. The information in this report represents the best information available at the time of issue.

The Blackburn site was disposed of in August 2022, slightly impacting the centres' energy use

\* The boundary and portfolio of this assessment have not changed since March 2017 when the Exchange at Ilford was purchased. This means that the like for like reporting is the same as the absolute values.

\*\* Waste at both Snozone sites is dealt with directly by the landlord, with costs for this including in the service charge. Snozone are not able to obtain accurate waste figures at this time as the waste bins are shared by all tenants.

GHG Intensity from building energy (kgCO <sub>2</sub> e/sqft/year)	Total water withdrawn from source (annual m <sup>3</sup> )	Like for like water withdrawn from source (annual m <sup>3</sup> )	Building water intensity (m <sup>3</sup> /sqft/year)	Total weight of waste by disposal route (annual metric tonnes - landfill)	Total weight of waste by disposal route (annual metric tonnes - incineration)	Total weight of waste by disposal route (annual metric tonnes - Recovery)	Total weight of waste by disposal route (annual metric tonnes - recycled)	Total weight of waste by disposal route (annual metric tonnes - anaerobic digestion)
GHG-Int	Water-Abs	Water-Lft	Water-Int	Waste-Abs	Waste-Abs	Waste-Abs	Waste-Abs	Waste-Abs
0.55	70,561	70,561	0.01	-	984	136	1,793	70
13.69	11,304	11,304	0.14	Not Available	Not Available	Not Available	Not Available	Not Available
33.52	15,312	15,312	0.51	Not Available	Not Available	Not Available	Not Available	Not Available
<b>0.77</b>	<b>81,865</b>	<b>81,865</b>	<b>0.02</b>	<b>-</b>	<b>984</b>	<b>136</b>	<b>1,793</b>	<b>70</b>
<b>0.97</b>	<b>97,177</b>	<b>97,177</b>	<b>0.02</b>	<b>-</b>	<b>984</b>	<b>136</b>	<b>1,793</b>	<b>70</b>
0.62	57,377	57,377	0.01	-	787	55	1,845	92
13.35	8,623	8,623	0.11	Not Available	Not Available	Not Available	Not Available	Not Available
0.03	13,410	13,410	0.45	Not Available	Not Available	Not Available	Not Available	Not Available
<b>0.83</b>	<b>66,000</b>	<b>66,000</b>	<b>0.01</b>	<b>-</b>	<b>787</b>	<b>55</b>	<b>1,845</b>	<b>92</b>
<b>1.00</b>	<b>79,410</b>	<b>79,410</b>	<b>0.02</b>	<b>-</b>	<b>787</b>	<b>55</b>	<b>1,845</b>	<b>92</b>
0.80	50,000	50,000	0.01	-	580	105.3	1,894	71
13.29	6,814	6,814	0.08	Not Available	Not Available	Not Available	Not Available	Not Available
<b>1.00</b>	<b>56,814</b>	<b>56,814</b>	<b>0.01</b>	<b>-</b>	<b>580</b>	<b>105.3</b>	<b>1,894</b>	<b>71</b>
1.03	79,278	79,278	0.02	-	1,229	0	2,152	62
19.02	13,827	13,827	0.17	Not Available	Not Available	Not Available	Not Available	Not Available
<b>1.33</b>	<b>93,105</b>	<b>93,105</b>	<b>0.02</b>	<b>-</b>	<b>1,229</b>	<b>0</b>	<b>2,152</b>	<b>62</b>
1.24	74,074	74,074	0.02	-	951	-	3,320	69
20.77	12,678	12,678	0.16	Not Available	Not Available	Not Available	Not Available	Not Available
<b>1.57</b>	<b>86,752</b>	<b>86,752</b>	<b>0.02</b>	<b>-</b>	<b>951</b>	<b>-</b>	<b>3,320</b>	<b>69</b>

# ESG Report CONTINUED

## Environment

### Streamlined Energy and Carbon Reporting (SECR)

The SECR was introduced to encourage the implementation of energy efficiency measures. The reporting framework makes it mandatory for large UK businesses to report their energy consumption and greenhouse gas emissions annually. HDR, Inc. has verified our 2022 performance, which is disclosed below in accordance with SECR requirements.

#### Capital and Regional 2022 Annual Reporting

	2018	2019	2020	2021	2022	% difference 2019 – 2022
<b>Energy Consumption (kWh)</b>						
<b>Natural Gas (Scope 1)</b>						
Centres <sup>2</sup>	4,521,258	4,556,731	4,629,788	2,329,556	1,660,685	(64)%
Snozone	1,600,517	1,691,856	988,968	993,191	1,297,199	(23)%
Support Office	n/a	n/a	n/a	n/a	n/a	n/a
Natural Gas (Scope 1) Total	6,121,774	6,248,587	5,618,756	3,322,747	2,957,885	(53)%
<b>Purchased Electricity (Scope 2)<sup>1</sup></b>						
Centres <sup>2</sup>	18,086,210	16,012,429	12,705,437	12,023,949	12,132,682	(24)%
Snozone	4,880,914	4,789,855	3,820,241	4,217,762	4,487,431	(6)%
Support Office	97,200	96,096	96,096	96,096	74,325	(23)%
Purchased Electricity (Scope 2) Total	23,064,323	20,898,380	16,621,774	16,337,808	16,694,438	(20)%
Renewable Electricity Consumption <sup>3</sup>	18,579	9,861	4,290	6,160	746	(92)%
<b>Total Scope 1 &amp; Scope 2 kWh</b>	<b>29,186,098</b>	<b>27,146,967</b>	<b>22,240,531</b>	<b>19,660,555</b>	<b>19,652,323</b>	<b>(28)%</b>
<b>Scope 1 &amp; 2 Emissions (tCO<sub>2</sub>e)<sup>4</sup></b>						
<b>Natural Gas (Scope 1)</b>						
Centres <sup>2</sup>	832	838	851	427	303	(64)%
Snozone	294	311	182	182	237	(24)%
Support Office	n/a	n/a	n/a	n/a	n/a	n/a
Scope 1 Total tCO <sub>2</sub> e	1,126	1,149	1,033	609	540	(53)%
<b>Purchased Electricity (Scope 2)</b>						
Centres <sup>2</sup>	5,120	4,093	2,962	2,553	2,346	(43)%
Snozone	1,382	1,224	891	896	868	(29)%
Support Office	28	25	22	20	14	(41)%
Scope 2 Total tCO <sub>2</sub> e	6,529	5,342	3,875	3,469	3,228	(40)%
<b>Total Scope 1 &amp; Scope 2 tCO<sub>2</sub>e</b>	<b>7,655</b>	<b>6,490</b>	<b>4,908</b>	<b>4,078</b>	<b>3,768</b>	<b>(42)%</b>
<b>Intensity</b>						
Scope 1 and 2 kgCO <sub>2</sub> e/sqft	1.57	1.33	1.01	0.84	0.77	
<b>Reporting outside of UK<sup>5</sup></b>						
Purchased Electricity (Scope 2)						
Snozone – Madrid, Spain (kWh)	–	–	–	4,994,451	5,156,311	
Snozone – Madrid, Spain (tCO <sub>2</sub> e)	–	–	–	849	1,005	

- The carbon associated with the electricity figures has been calculated using the UK grid average (a location based method). The carbon associated with any renewable energy consumed has not been included in our totals. (market based method)
- The Centre figures include the Kingfisher Centre, in which C&R owns 12% in a joint venture and acts as Property and Asset Manager.
- Renewable energy is generated through Solar PV installed at Walthamstow Centre. The centre has been generating its own energy in 2022 following repair of the system in 2021. The total generated in 2022 is thought to be more than the stated 746 kWh but this cannot be confirmed due to issues with the metering data. The site are working to resolve this.
- Scope definitions**  
Scope 1: Direct GHG emissions from controlled operations (natural gas consumption)  
Scope 2: Indirect GHG emissions from the use of purchased electricity, heat or steam (electricity consumption)
- Snozone Madrid, Spain has been reported for completeness but lies outside of the UK mandatory reporting. The Madrid site was purchased in February 2021 therefore the 2021 figure only includes 11 months of usage from when operational control began. While the site purchases renewable electricity, for consistency with the UK reporting a location based factor has been used.  
Emissions factors used for 2021 and 2022 were sourced here: <https://www.nowtricity.com/country/spain/>  
Please note these represent the best information available at the time of issue.

## Methodology

The reported CO<sub>2</sub> emissions for 2022 have been produced with reference to the Greenhouse Gas Reporting Protocol. The reporting boundary has been defined using the operational control approach, reporting emissions for operations in which Capital and Regional have control. It does not account for GHG emissions from operations in which it owns an interest but has no operational control.

Energy use from metered sources identified as fully controlled by third parties (e.g. tenants) have also been excluded.

Scope 1 emissions account for total gas consumption of Capital and Regional. Emissions from emergency equipment (e.g. standby generators) have been deemed de minimis and therefore are not included in the reported figures. Scope 2 emissions account for the total electricity purchased by Capital and Regional.

Actual data has been used wherever possible, some data has been estimated. The reported emissions represents the best information available at the time of issue. It should be noted that the Scope 1 and Scope 2 emissions (where stated in tCO<sub>2</sub>e) are absolute values. The annual figures are not directly comparable due to changes in emission factors, and the property portfolio.

We have applied the 2022 "UK Government GHG Conversion Factors for Company Reporting, v2.0" for calculating 2022 carbon emissions.

100% of energy consumption and emissions related consumption in the UK.

## Energy Efficiency

In the period covered with the report (1 January 2022 – 31 December 2022) there have been several energy efficiency improvements. The centres have been making a concerted effort to reduce gas consumption, in some cases down to zero, as energy prices reached unprecedented levels.

There is also a continued improvement in monitoring throughout the portfolio which is improving data returns.



**Juliana Conci-Mitchell**  
Management Accountant  
– Snozone

## Our People

Juliana joined Snozone in 2019 and manages all aspects of Snozone's financial reporting relating to cost management and payment processes for the group. This also includes the management of over ninety suppliers and contractors throughout Snozone's supply chain. In addition, Juliana provides the oversight for the venue's stock control systems.

Juliana moved from Brazil to London ten years ago, achieving a bachelor's degree in international business as well as her AAT qualification. Pursuing a career in accountancy, Juliana previously worked as Finance Manager for Sanders Chartered Accountants whilst working towards a Chartered Accountant qualification (ACCA).

Throughout 2022 Juliana, alongside her colleagues Julia To-Trinh and Pilar Barrio Valios, was at the forefront of completing Snozone Madrid's systems integration into Snozone's centralised finance function, delivering a great synergy and enormous benefit for the group. Juliana reports into Nigel Lewis, the Snozone Finance Director, and is based in our Pimlico office.

Juliana has two young children and lives with her family in south-east London.

# People

Our people are the foundation of our business. It is for this reason that we foster an empowered culture where our employees can get the best out of both their careers and themselves.

Our culture focuses on adding value, being inclusive and future looking. 2022 has seen a number of new initiatives introduced across our businesses. For our shopping centres and Snozone, this includes improved maternity and paternity pay and a menopause policy as well as enhanced training opportunities. For Snozone, we introduced Wagestream, a financial management tool for all staff to utilise and manage their monthly expenditures of which there was a high uptake. To attract and retain seasonal staff in a fiercely competitive leisure market, Snozone paid 3% above the minimum wage. Both initiatives aim to help protect our most vulnerable employees during this period of high financial stress. Additionally, Snozone continued to provide accredited training to staff throughout the UK and Europe, with all these elements resulting in an annual staff retention of 75%, 30% above the national average.

## Key Highlights



**Financial tools and support** offered to staff across the business



**61% of employees are women** across the shopping centre business



**7.9/10 average Happiness Index score** achieved in shopping centre staff survey



**Disability confident employer status accredited to Snozone**



**75% core team retention** in Snozone

## Wellbeing in the workplace

Creating a workplace that supports our employees' wellbeing is a top priority given its positive impact on their satisfaction, which can lead to enhanced engagement and productivity. This involves promoting both their physical and mental health. For example, we have a long-standing relationship with the Retail Trust, a charitable organisation that helps care for and protect people who work in retail. Through our partnership, we provide employees with the support that they need to flourish in both work and life, offering emotional support, career development advice, financial health information and assistance for both physical and mental wellbeing. In addition, we supported World Mental Health Day across the Group, raising awareness, advocating against associated stigmas and encouraging staff to utilise our wellbeing rooms.

C&R's Employee Voice Committee was formed early in 2022 to provide a safe space that enables everyone's voices to be heard. The committee is cross-functional, working with both shopping centre teams and support offices. It creates a space for committee members to communicate best practice, share ideas and initiatives, suggest innovative solutions and ensure a consistent approach to our people practices. These shared practices aim to enhance current employee policies and help implement new ones. In addition, Employee Voice 24/7 is an online tool that allows employees to submit anonymous feedback anytime, day or night.

This year we implemented several new initiatives onsite. We extended the Cycle to Work scheme to our shopping centre staff, now covering all C&R employees, and ran an 80-day wellbeing challenge, which encouraged staff to increase their step count by working together to try and travel the world virtually. The aim was to reach a combined total of 45 million steps, with cyclists also encouraged to get involved. This was surpassed by nearly 50 million steps, with 177 employees participating.

To recognise our employees remarkable service and support in their local communities, we hosted our National Sparkle Awards. Sid Khaliq was awarded 1st place for his exceptional use of first aid skills and experience to save a guest's life. Martin Dewsnap and Lisa Doyle were also awarded for their selfless acts of kindness.

## Health and safety

We operate a suite of health and safety policies for employees and guests, which are reviewed regularly and updated accordingly. When incidents occur, we are proactive in taking the necessary measures to address them and ensure they are prevented in the future. In 2022, we were awarded the Royal Society for the Prevention of Accidents (RoSPA) Gold award for the 11th consecutive year. This continuous recognition demonstrates our excellence in occupational health and safety management, with the RoSPA Awards regarded as one of the most prestigious and recognised schemes in the world.

Our staff are first aid trained where necessary and to give them the confidence to act if someone is having a cardiac arrest, we signed up to the British Heart Foundation ReviverR App, a free step-by-step training app to learn CPR in 15 minutes. 30,000 people have an out-of-hospital cardiac arrest in the UK every year and CPR can, in some cases, double their chances of survival. We aim to roll this out as an important life skill to all our retail customers in 2023.

C&R upholds human rights by supporting the aims of the Modern Slavery Act 2015 to combat slavery and human trafficking and improve the transparency of reporting. We have a zero-tolerance approach and expect all who have, or seek to have, a business relationship with us, to familiarise themselves with our anti-slavery and human trafficking policy and to always act in a way which is consistent with the policy. We implement and enforce effective systems and controls to ensure modern slavery is not present anywhere in our business or our supply chains. C&R marked Anti-slavery Day in October 2022 by collaborating with Stronger Together, an impact-driven not-for-profit organisation, that provided us with training and resources, raising awareness of modern slavery, ensuring responsible recruitment and helping to eradicate all forms of exploitation.



### Diversity and inclusion

We value people's differences and want to create a workplace that is free of harassment and unlawful discrimination. Our Diversity and Inclusion (D&I) Committee was formed in 2020 to build a diverse and inclusive workforce. The deployment of an internal survey to understand how employees feel about the culture at C&R was one of the committee's first actions. The feedback received from the survey helped inform several new D&I initiatives which are still being implemented today. These include the consideration of D&I when recruiting and a calendar of awareness days aimed at educating people on different cultures such as the International Day of Persons with Disabilities and Pride.



### Diversity and Inclusion

The Diversity & Inclusion Committee ran a number of events in 2022 to further develop our thinking on equality both individually and as a company.

This included a trip to the Tate Modern for a guided tour that focused on LGBT+ artists and relevant works.

In our shopping centres, a particular highlight in 2022, was our celebration of LGBT+ history month. Additionally, 154 employees took part in monthly webinars that highlighted various ways our company can increase inclusivity through our partnership with Purple 365.

Snozone has a long history of promoting inclusivity. In 2022, Snozone achieved Disability Confident Employer status, a government led scheme where employers are accredited for recruiting, retaining and helping to develop employees with disabilities. Snozone actively looks for ways to improve and expand the range of talent we are recruiting from and designs its activities with a 'sport for all' approach, tackling social stigmas surrounding disabilities.

To increase female participation in sports and ensure women are equally represented in our workplace, we design our recruitment process with women in mind, from job advertisements and female imagery to the interview and decision-making process. In 2022, we became a 49% female coaching team in Milton Keynes, significantly above the industry average of 20%, and Snozone's Senior Management Team is also 49% women. Through our operations, we help women and girls overcome the barriers they face when participating in sports. On National Women's Day every year, we run an initiative through This Girl Can, a nationwide campaign from Sports England, aimed at getting women and girls involved and re-engaged in sport. The campaign offers women and girls free lessons and in 2022, we introduced 400 women and girls to a sport they had never tried before.

### Employee engagement

Engagement plays an important role in encouraging our employees to get the best out of themselves. Employee engagement in our shopping centres, measured as part of a recent engagement pulse survey and independently completed with the Happiness Index, illustrates the success we have had in driving this. The findings demonstrate healthy engagement with all C&R values, and particularly with ESG, diversity and inclusion and community projects. The survey received a 98% response rate, significantly above the average response rate of 74%. Our average score for the survey was also 7.9 out of 10, comfortably above the Happiness Index universe benchmark of 7.4. In addition, our eNPS (Employer Net Promoter Score) was +19, which is 14 points above the index's benchmark.

One of the ways we engage our shopping centre employees is through programmes that are tailored to developing their careers. For example, the Line Manager Programme embeds both coaching and mentoring support alongside formal modular learning. Employees receive training on leadership development topics to foster behavioural change. The one-to-one coaching helps the individual to focus on their specific development needs, giving it the right space, attention and reflection through facilitated conversations and a safe space to share challenges. To utilise the diverse experience of line management and leadership within the SLT, the programme also offers mentoring support. Mentors are invited to share their knowledge, expertise and wisdom with their mentees to help them unlock any business-related challenges.

The success of Snozone's employee engagement is reflected in its most recent bi-annual survey that measures job satisfaction, with 88% of staff responding that they are very satisfied. In addition, annual core team retention for 2022 was 75%, significantly outperforming the leisure industry by over 30%, which traditionally suffers from high turnover rates. One of the reasons for retention being so high is that we recognise the direct correlation between employee training and motivation, with 64% of Snozone's staff undertaking accredited training this year.

## Deploying ESG training across our shopping centres and head office

To increase employees' awareness of ESG, the implications for their role and how they can take responsibility to support our ESG strategy, we worked with an external sustainability expert to conduct ESG training sessions for our shopping centre and support office team. For example, the training provided clarity on what we must do to achieve the goals set out in our net zero carbon pathway. The sessions were popular with our team members and the impact the training has had is visible through the Company-wide culture shift and success of implementation initiatives. An example is our employees' dedication to energy reduction efforts, which saw them integrate operational excellence throughout our sites, and realise notable decreases in energy consumption. Each member of the team was also asked to make an ESG pledge and share what they are going to do to help the business reach its ESG targets.



Myself and 12 colleagues from across the business embarked on the Line Management Programme in the Autumn of 2022. This four-module programme had been specifically developed for the Group and included subjects such as performance through people, motivation, accountability, and being a coach. It was fantastic to get back into face-to-face training after such a long period without it. The programme included "Learning Circles" where the Group were able to meet between modules to embed the learning and share feedback with each other. Mentoring sessions with different members of the SLT has been very beneficial to us all and has encouraged cross functional interaction.

**Roy Greening**  
General Manager, The Mall Luton



I have been working in the business for more than 10 years and feel grateful for being part of a company with such professional standards and committed to equality. There are no barriers of opportunities, wages or treatment across management and operational teams. With 46% of women in our team, we are very proud to have gender balance across staff members, which is very positive. On the other hand, guests who practice snow sports have gone from being 60% men/40% women to being totally equal last year 50/50.

**Maria González du Frutus**  
Head of Marketing and Sales at Snozone Madrid

*Edited for grammar and quality*

# ESG Report CONTINUED

## Community

Our retail and leisure offerings are tailored to the unique needs of their local communities, supported by strong and trusted relationships with local stakeholders and annual community impact targets.

Whilst aiming to drive footfall, we want to achieve a measurable social impact in areas such as youth education, economic inclusion, charity fundraising and nurturing inclusive places that everyone can enjoy. To help pursue these goals, we invested over c.£300,000 and spent 1,684 hours engaging with local community groups.

### Community Wheel of Support

2022 was a year of giving back, putting our communities and guests at the core of our initiatives. Following a successful launch in 2021, the Community Wheel of

Support continued to play a critical role in encouraging engagement and supporting our shopping centres to prioritise areas of impact. We set out nine KPI targets to align with our Wheel of Support. Improving from 2021, we saw an 11% increase in the number of charities supported, a 15% increase in volunteering hours and a 9% increase in charitable fundraising, donating over £120,000 across all shopping centres to important causes.

In 2023, we look forward to working with The Good Economy Partnership, who specialises in impact measurement and management services. With their support, we will conduct a social impact assessment across our portfolio to measure and quantify the impact we have on our local communities. This will also support us to benchmark our performance and, where relevant, review our Wheel of Support targets to ensure they remain ambitious and aligned with best practice. This will be an important milestone towards enhancing our social impact, which will help shape our 2024 objectives.

### The Wheel of Support

The Exchange, Ilford was awarded Best Large Business by Ilford BID and the council

244 community events hosted, where cultural events were recognised and celebrated

221 community groups supported with 1,324 volunteering hours



The Mall Luton introduced a Reading Garden and a writing competition for students

The Marlowes, Hemel, selected Dacorum Emergency Night Shelter (DENS) as its charity of the year, helping it raise over £24,000

The Mall Luton worked with the local BID and ABCD-in Luton (Asset Based Community Development) to complete litter picks



# 2022 Community contributions

**£129,000+**

raised across the business



**187**

charities supported across the business



**244**

community events hosted



**27%**

increase in centers' footfall from 2021



**36**

local businesses supported across shopping centres



**1,600+**

hours spent with community groups



**c.£300k**

invested in supporting community services



**4,000+**

students received free school uniforms



**29%**

growth of participation in Disability and Adaptive snow sports lessons



**Partner of the Year 2022**

awarded to Snozone by charity partner Sense



**15%**

growth in schools affiliated with Snozone's education programme



**24,000**

recreational one-hour lift passes distributed to NHS staff



**Best Sporting Venue Award**

won by Snozone at the School Travel awards



**400**

women and girls introduced to snow sports on International Woman's Day, free of charge

# ESG Report CONTINUED

## Community



The hospitality and leisure industries have had a challenging time financially and with recruitment throughout the pandemic. Despite this, Snozone remain committed to being inclusive and disability aware and have invested in new and additional equipment and training and actively seek to create amazing memories for everyone as well as genuinely being engaged and committed to our cause.

**Angela Court-Johnson**  
Sense Corporate Account Manager

### Charitable Funding and Volunteering

To account for local needs, our shopping centres are given the responsibility and autonomy to run their own fundraising events. In 2022, we hosted a total of 244 events, collectively supporting 186 charities and volunteering more than 1,300 hours of employees' time to important community causes. Examples include:

- **Fighting homelessness:**  
At The Marlowes Hemel, our staff volunteered at their Charity of the Year's main fundraiser, DENS – which empowers those facing homelessness, poverty, and social exclusion to take the next positive step in their lives. This cycling event, which our staff helped handle registration for, raised over £21,000.
- **Supporting biodiversity:**  
The Mall Luton worked to make our temporary beehives permanent. We saw over 75lbs of honey produced, which we then bottled and sold at our centre. The profits of over £700 were donated to the Luton Food Bank.

- **Relieving education costs:**  
Luton also worked with the Level Trust, a charity that aims to relieve education costs for families in need. Staff volunteered their time to prepare the "Learning Locker", a shop that provided 1,741 children with free learning resources, including games and books. In addition, the 'Uniform Exchange', which was run from an empty storage unit, provided students of all ages with free school clothes. In total, 4,842 children were supported through the initiative, with over 7,000 second-hand uniform items donated, equivalent to saving 30.4 tCO<sub>2</sub> from the avoidance of buying new clothes.
- **Providing education:**  
During the Easter holiday, over 1,400 children took part in our Dino series at The Mall Maidstone, where we offered space to learn about dinosaurs while getting involved in art sessions.
- **Creating awareness:**  
At The Exchange, Ilford, we set up the UK's largest ball pit, which provided kids with a chance to play and acted as a fundraising drive for Target Ovarian Cancer. The event brought awareness to the organisation and the rising rates of Ovarian cancer.

These are only a few of the many activities, which not only support our communities and engage our guests with important causes, but also significantly increase footfall by establishing the shopping centres as hubs for our local residents.

For the last eight years, Snozone has partnered with Sense, a charity that supports deaf/blind children and adults. This year, we were recognised by Sense as their Partner of the Year and raised a total of £6,000 for the organisation. An example of our fundraising includes Snozone's annual 'SnoFit' initiative, where the team was encouraged to either walk, run, cycle or ski to raise money. The team raised over £1,000 by completing almost 1,600 miles. Throughout the year, Snozone drives online awareness to Sense across its social media platforms and provides donation stations in UK venues. This year, the donations funded two deaf/blind children to learn to ski with free tuition.



Tracey Bateman, the business manager for Luton, was honoured for her passion and dedication to the Luton community for more than 14 years by winning the Volunteer of the Year category at the Luton and Bedfordshire Community Awards in November 2022.

For her volunteer work as a special constable for the Bedfordshire Police in early 2022, Tracey was awarded the Platinum Jubilee Medal for deeds of public service.

Tracey also spends a lot of time volunteering and organising volunteers for neighbourhood charities and activities, as part of the centre's Community Wheel of Support.

## The season of giving

To support those facing a difficult time during the Christmas period, our shopping centres and support office created the 5 Days of Giving fundraising campaign, where we ran several internal events raising money for three charities: The I Am Doddie Foundation; Brain Tumour Research; and Save the Children. One of the events was the Annual National Christmas Jumper day, where staff were asked to donate to Save the Children. Our team at The Exchange, Ilford took it one step further and posted photos in their jumpers in storefronts as a way to promote our retailers.

All centres organised Christmas Grottos and collectively raised over £16,000 for charities. At The Marlowes, Hemel, the grotto was a free event that not only allowed visitors to meet Santa Claus but gave them a chance to take on the important role of a North Pole Post Office elf - sorting the post, caring for the reindeer, and learning their elf name. The grotto raised £3,874 for DENS, their Charity of the Year.

The Mall Luton worked with the Level Trust and Luton Foodbank to support the Luton Smile Campaign, providing food and toys over Christmas to children in need. The campaign received over 3,500 donations and distributed 1,080 Christmas presents. Luton was responsible for collecting 661 donated presents alone. The Mall Wood Green also ran a toy drive and donated to The Salvation Army Toy Appeal. To enhance the Christmas experience, Bjorn the Bear and the Snow Queen brought the spirit of Christmas while offering free performances to the public.

To show our support for those suffering from the war in Ukraine, the centres created awareness on social media and displayed posters across our locations with QR codes. The codes provided guests with donation links, supporting the DEC's (Disasters Emergency Committee) 15 leading charities.

Since 2020, Snozone has helped the nationwide campaign "thank the NHS" by offering over 24,000 one-hour free lift passes to staff.



### Remembering Her Majesty

Offering an emotional outlet for our staff and guests across our centres, we created a space for people to pay respects to her majesty the Queen upon her passing in September. We provided a condolences book for people to sign along with flowers and a picture of the Queen displayed. Thousands of guests and staff signed the books and also left floral tributes.



As well as retaining the Trip Advisor Certificate of excellence, Snozone’s UK venues were once more awarded the ‘Travellers Choice’ kite mark by Trip Advisor in 2022.



### Supporting health and wellbeing at The Mall Wood Green

With 40% of children in the area suffering from period poverty, The Mall Wood Green sought to help break the stigma behind the subject and launched a first-of-its-kind scheme. The scheme was advertised by posters in the bathroom facilities, where anyone could visit the Guest Lounge to collect a ‘package from Florence’ and be given a free period pack. Given the necessity of the scheme, it was subsequently made permanent and free sanitary products were installed in the restrooms. Aligning with our ESG goals, Wood Green teamed with Scotland-based CIC Hey Girls to purchase their products. This organisation donates a product to someone in need for every product sold, and products are certified organic cotton, 100% biodegradable and plastic free.

In another example and supporting the health and wellbeing of North London residents, The Mall Wood Green opened its doors to Wood Green CDC in the Summer of 2022. Developed in partnership with Whittington Health NHS Trust, NHS England has been supported with funding for its CDC roll-out, making this the first location in a shopping centre in the nation.

The CDC offers convenient diagnostic testing, improving access to healthcare via a purpose-built space.

The community diagnostic programme is a high priority for the NHS in tackling the backlog of elective care, following Covid-19. It was therefore important to deliver significant new diagnostic capacity in the very short term, and C&R worked in partnership with Whittington Health to achieve this in

a tight timeframe. The CDC was officially launched in October 2022 by then Deputy Prime Minister Therese Coffey, who said “Sometimes it can take several hours for a patient to get to a hospital and go through the diagnostic process but here they are doing a ‘one-stop shop’.”

The CDC is located close to London’s most diverse and deprived communities, which have some of the worst public health outcomes; those aged under 75 have a 50% higher death rate compared to the average and Haringey has a 15-year gap in healthy life expectancy between the richest and least well-off areas. The CDC therefore has the potential to impact public health outcomes by preventing disease prevalence and reducing case mortality by decreasing time to diagnosis.

The first patients were seen within 12 months of the successful bid submission and the centre is expected to see 300 patients a day, increasing the footfall of the centre. Already bringing commercial and economic benefits to the area, the presence of the CDC in the centre reimagines health’s relationship with the high street. In addition, modelling of the impact suggests there will be significant travel time savings of up to 30 minutes for Haringey residents, reducing petrol costs during the rising cost-of-living crisis. There will also be a reduction in carbon footprint as better access for local communities will result in shorter journeys for service users.

## Enhancing education

On average, travel time to our Snozone locations takes an hour and forty-five minutes, making our community extensive. Snozone maintains its status of being an industry leader and wholeheartedly supports its large community. It has continued supporting the school curriculum outside of school term time by promoting fundamental elements of 'good citizenship' with its industry, leading School Holiday Camps that offer lessons in signage language, conversational Spanish and French and a first aid course for children called 'Mini Medics'.

Snozone also assesses the snow sports components of GCSE & A-Level PE. We are proud to offer a venue where students can enhance their education without feeling the need to travel to ski resorts abroad, making it more affordable for families and decreasing travel-related emissions. These efforts have contributed to Snozone being recognised for the third time as the 'Best Sporting Venue' for children learning outside the classroom at the School Travel Awards, beating illustrious nominees including Manchester United, Silverstone, The London Stadium, Twickenham and The UK Sailing Academy. We are also proud to be accredited for both the Duke of Edinburgh Bronze Award Scheme and the Learning Outside the Classroom Quality Badge.

## Supporting local start-ups

Acknowledging the role that we can play in the local economy and beyond, we aim to foster an entrepreneurial ecosystem that supports small businesses through upskilling, networking and some financial assistance. This creates a space for start-ups to flourish while contributing to a diverse offering that's representative of local needs.

We believe in offering all members of our communities, despite income status or educational background, the chance to provide a better life for their families and themselves. We have offered 36 small businesses the chance to have their own space in our centres, whether it's retail, cosmetic, or culinary. We have even seen a few of our start-ups grow into multiple locations.



We opened our first two EverySkin clinics with the support of C&R. As a new business and coming out of COVID-19 lockdown, we were very fortunate to have C&R's backing and guidance to get off the ground, giving us the confidence to grow our independent business to six clinics in less than 12 months!

**Bridget Healy**  
Co-Owner, EverySkin



We are pleased to continue our relationship with Capital & Regional as we continue to work together to bring new jobs, training opportunities, and retail outlets for people to enjoy. The investment in Walthamstow town centre is a key part of our plans to make Waltham Forest an even better place to live, work, and visit. I look forward to more successes to come over the next few years.

**Martin Esom**  
Chief Executive,  
Walthamstow Forest Council

## Developing Walthamstow

### CRATE Market Hall

At 17&Central, we are working with CRATE Places UK to provide a new 16,500 sq.ft Market Hall. This space will include leisure mini-golf, classes like baby yoga and TED talks, evening entertainment, seven street-eat styled operators, an in-house bar and coffee kiosk.

The space will provide a much-needed destination for people to socialise within the centre, experience the leisure offers and a variety of cuisines from local small businesses. This encourages collaboration, facilitates social inclusion and unlocks the collective power of enterprise to promote growth for everyone. The opening will also create more jobs within the local community and drive visits from local neighbourhoods to support the growth of the Walthamstow community.

### Town centre regeneration

2022 represented a milestone year for us at 17&Central, Walthamstow, with the implementation of the first phase of the planning consent we secured in 2021. That consent allows us to develop and deliver a range of mixed-use opportunities over a phased programme including:

- 495 Build to Rent residential units in the form of two tall towers on a standalone site
- A new step free London Underground station entrance and ticket hall in the heart of the extension
- A 50,000 sq.ft retail-led commercial extension
- 43 low-rise build to sell residential units
- An upgraded public square in the heart of the town centre

Delivering sustainable developments with social benefits has been at the forefront of our design and implementation considerations throughout the planning process and the development has provided an opportunity to deliver a range of environmental and social improvements.

The completed development will result in the creation of around 350 permanent new jobs in the community, with a further 500 local jobs and apprenticeships created during the construction phases. It is estimated that increases in council tax and business rates will contribute up to £2.5 million to the local economy.

We are creating new places for our community residents to live and work, with an extended range of shopping and leisure facilities for them to enjoy. Alongside this, we will deliver a redesigned and enhanced public space in the current town square, creating play spaces, event zones and community gardens. The residential and commercial proposals have been developed using a “fabric first” approach through the ‘be Lean’, ‘be Clean’, ‘be Green’ energy hierarchy in accordance with Greater London Authority policy and Waltham Forest Local Plan guidelines, embedding a range of sustainability measures into the design, construction and operational stages.

We will continue business as usual during the duration of the development and maintain the running of local initiatives that reinforce the centre’s role as a community hub through carefully designed physical events. At 17&Central, we put a strong emphasis on the retail calendar and family events, as well as cultural celebrations and collaborations to foster participation and diversity. This enables us to interact with the village and increase foot traffic while forging stronger relationships with retail customers and guests.



My Mum and Dad took me for my first skiing lesson just after my third birthday. Before I was born, I was diagnosed with the medical condition Congenital Diaphragmatic Hernia (CDH). My parents enrolled me in my local Snozone SnoAcademy to help get me physically active and to help build up my lung capacity. I was a bit worried going out into the snow on my own but once I finished my first lesson I was hooked! I've loved it ever since. I did my first race in the SnoAcademy, I was nervous at first but when it started, I just tried to ski quickly and smoothly and I won my age group!

**Olivia**  
6 years old, This Girl Can

### Tackling the cost-of-living crisis:

Playing a large role in our communities, we recognise the hardships affecting vulnerable guests and we feel it is our responsibility to provide support to them through social challenges.

In July, 17&Central hosted a series of Sell or Swap events in an empty storefront. As a way to relieve some economic stress, this was an opportunity for customers to donate, trade, sell or repair clothing and household items.

Our centres also held Beat the Bills events. Partnering with different community groups, we were able to provide this educational campaign, offering our guests advice and guidance on financial planning and additional support in the local area.

In addition, our Retail Trust membership offers retail staff access to discount vouchers for over 150 retailers, including supermarkets, hoping to relieve some of their financial stress.



With the UK facing ongoing challenges from the cost of living and climate crises, this project is about bringing people together and creating a new community around saving carbon and cutting costs at the same time. We want to help residents share, reuse, repair and recycle, to show that saving the planet and saving money can be done together and shouldn't be seen in opposition.

**Stella Creasy**  
MP for Walthamstow

### Inclusive spaces

We ensure our assets provide a welcoming and safe experience for all visitors. For example, Snozone provides the only self-operated indoor disability snow school in Europe, with all venues fitted with accessibility in mind. As an accredited Disability Confident Employer, 40% of instructors are trained in adaptive coaching. Our inclusive staff training allowed us to proudly offer over 1,000 disability and adaptive lessons for the first time this year. Sign language lessons are also provided as part of our industry-leading education@ snozone holiday camps, and our partnership with This Girl Can (see page 80 for more information) offered over 400 women and girls snow sport introductions on International Woman's Day, free of charge.

Across our shopping centres, we have increased our inclusivity efforts and established new initiatives for guests with disabilities:

- Providing an immersive experience: At The Marlowes, Hemel, Electric Umbrella opened its first storefront, the Emporium. The Emporium provides an immersive experience to learning disabled people, giving them the opportunity to work with professional musicians. The location also features a wide variety of musical instruments available for purchase and workshops where donated musical instruments can be repaired, reimaged and serviced.
- Introducing Quiet Hour: We introduced Quiet Hour, a more subdued period, designed to make the shopping experience less daunting for those who can find loud noises and bright lights overwhelming. During Quiet Hour there is dimmed lighting, no music playing and no PA announcements. To enhance the guest experience, sensory backpacks, including ear protectors and sensory toys, are offered to those who are sensitive in public environments.
- Creating awareness: The centres have made changes to their disability labels to recognise that not all disabilities are visible and to remind us that we need to be more considerate and compassionate.

# TCFD Disclosure

## 1. Governance

### 1a. The Board's oversight of climate-related risks and opportunities

The Board has ultimate responsibility for overseeing risk management and internal control processes, including assessing the Group's principal risks and setting its risk appetite via a biannual risk review. The Board has fundamental oversight of wider sustainability matters, including our ESG strategy and targets of its three pillars: Environmental Sustainability, People and Community. Climate-related risks have been identified as a principal risk to the business and are therefore directly overseen by the Board. With climate-related risk identified as a principal risk, the risk is actively monitored at all levels of the organisation with updates provided to the Board on at least a biannual basis as part of the risk review and more often on an ad-hoc basis. In collaboration with other board - and management-level committees the Board then determines necessary risk mitigation actions.

The Audit Committee supports the Board in the management of principal risks. The committee meets twice a year to review the effectiveness of the overall risk management strategy and reviews the principal risks across the Risk Matrix, including the climate-related principal risk.

The ESG Committee has more specific responsibilities for managing wider sustainability matters, including developing and reviewing the Group's ESG strategy, of which climate risk management is a key component. The ESG Committee provides quarterly updates to the Board and Audit Committee on the ESG strategy, targets and ensuring that any material climate-driven macroeconomic, financial and regulatory market changes are escalated and integrated into strategic decision-making.



**Lawrence Hutchings**  
Chief Executive

As part of our commitment to a leading sustainable business, we are dedicated to proactively managing our climate-related risks and publicly reporting climate-related financial information to our stakeholders.

Here we disclose the climate-related risks we have identified to the business and set out our overarching risk management approach in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In accordance with LSE Listing Rules published by the FCA in 2022, and in line with the Recommendations of TCFD dated June 2017, this report complies with 10 of the 11 TCFD recommendations and recommended disclosures.

We have not reported our current year Scope 3 emissions under Recommendation 4 (Metrics & Targets b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks). Due to limited improvement in data availability since the recent publication of our net zero carbon pathway, we have decided not to include updated Scope 3 emissions data in these disclosures. We, therefore, consider ourselves to only achieve partial compliance with this TCFD requirement at this stage. During 2023, we will focus on improving our occupier data collection to enable disclosure in our 2023 Annual Report.

**Lawrence Hutchings**  
Chief Executive





## 1b. Management's role in assessing and managing climate-related risks and opportunities

The Senior Leadership Team (SLT) is responsible for the day-to-day operational application of the risk management strategy, including climate risk management. The SLT supports the Board, Audit Committee and ESG Committee in identifying and evaluating principal risks and is directly responsible for overseeing the climate-related principal risk. The SLT meet weekly to discuss principal risks and escalate material issues to the Board and relevant committees. Additionally, Lawrence Hutchings, CEO, Sara Jennings, Director of Operations and Guest Experience for shopping centres, and Nick Phillips, Managing Director Snozone, sit on both the ESG Committee and SLT, ensuring that climate-related risks are assessed and managed throughout all levels of the organisation. The SLT has worked with the ESG committee to conduct workshops to improve climate risk awareness and knowledge throughout all levels of the business. The SLT is also responsible for reviewing whether acquisitions and divestments align with our ESG strategy and go ahead on a deal-by-deal basis.

Our newly formed Net Zero Carbon Committee is responsible for monitoring and managing our net zero carbon pathway and the Net Zero Carbon Committee Wheel of Delivery (see the environmental sustainability section for more information). This includes responsibility over managing net zero carbon interventions and occupier engagement, as well as our climate adaptation plan that we are planning on developing moving forward.

Operational Management is responsible for the implementation and maintenance of climate risk mitigation and adaptation measures, as well as the identification of climate-related risks at the asset level. Weekly calls with representatives of the SLT and Operational Management ensure that the SLT is aware of risk impacts identified at the operational level, which are then assessed and escalated to the Board and Audit and ESG Committee, as necessary.

More detail on our governance structures can be found under our Risk Management Approach.

## 2. Strategy

### 2a. Climate-related risks and opportunities identified over the short, medium, and long-term

We recognise that climate-related risks materialise over the medium to longer-term and that the assets we acquire and occupy now will still be here far in the future. Without appropriate risk management, these risks could have severe financial and reputational implications. As such, we conducted a climate risk assessment across the two climate scenarios RCP 4.5 and RCP 8.5 by the Intergovernmental Panel on Climate Change (IPCC) to identify the top climate-related risks to our business over the short term (2020-2029), medium term (2030-2039) and long term (>2040), as well as assess their implications and the necessary actions to manage them. The time horizons were set to align with our 2040 net zero carbon target, as well as capture a range of physical and transition climate-related risks that are expected to materialise near and long term.

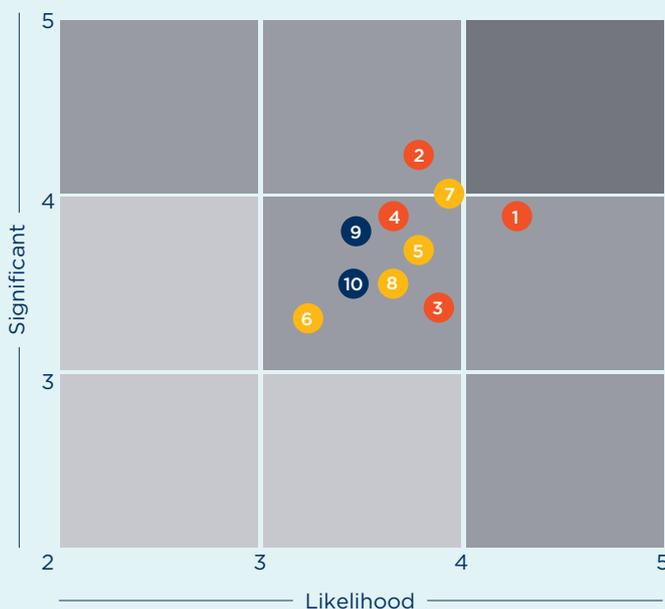
The climate risk assessment covered a broad range of climate-related risks, selected as appropriate to the geography of our assets and the asset types in scope, across the decades 2020-2029, 2030-2039 and 2040-2049 and across two climate scenarios. Through a rigorous business and portfolio climate risk assessment process, we identified the top 10 climate-related risks and opportunities to our business and portfolio across each time horizon. We undertook portfolio modelling to quantify potential financial losses and savings from a range of climate-related risks and opportunities, including physical risks such as flooding, heat stress and drought and transition risks, such as market, legal, reputation and

technology risks, across RCP 4.5 and RCP 8.5 emissions scenarios. This assessment identified the risk profiles of our assets and the most at-risk assets, allowing us to make strategic decisions on where to focus mitigation actions and harness opportunities.

The business level assessment qualitatively assessed the significance and likelihood of a range of physical and transition climate-related risks from a scale of 1-5, taking into consideration the financial losses modelled in the quantitative portfolio modelling. The significance was assessed based on the level of disruption, financial impact and ease/cost of mitigation of the risk. The range was from minimal or no impact to catastrophic impact threatening the future of the business. The likelihood was assessed based on the probability, frequency, duration of impact and speed at which the risk materialises. This provides an overall likelihood which ranges from risks with a short duration that materialise slowly to risk at a high frequency and duration that persist over a long period of time.

The top 10 risks identified in the assessment have been deemed material to the business and have been adopted in the following designated climate-related risk matrix which informs the climate-related principal risk. The climate-related risk matrix is managed and overseen by the SLT on an ongoing basis and had been integrated into our risk management and biannual risk review process under the climate-related principal risk. The SLT also works with Operational Management who identify the impacts of climate-related risks at the site level to inform the climate-related principal risk.

### Climate-related risk matrix



**Short term (2020-2029)**

- 1 Energy decarbonisation and technology
- 2 Financial market uncertainty
- 3 Increased regulation
- 4 Shifting market and occupier expectation

**Medium term (2030-2039)**

- 5 Insurance challenges
- 6 Supply chain and resources
- 7 Flooding
- 8 Storm damage

**Long term (>2040)**

- 9 Water stress and drought
- 10 Heat stress

## Physical and transition climate-related risks:

Time horizon	Risk	Risk description	Risk impacts	Mitigating controls
Short term: 2020-2029	1 Energy decarbonisation and technology	The decarbonisation pathway demands a shift from fossil fuels to renewables. This will stimulate low carbon technological solutions. Existing buildings must adapt using these technologies to meet energy efficiency targets and reduce rising operational costs caused by changing seasonal patterns and carbon taxes.	<ul style="list-style-type: none"> <li>• Capex to implement low carbon technologies</li> <li>• Increased operational costs, including impacts from increased cost of carbon</li> <li>• Heightened tenant default risk due to higher operating costs causing loss of income</li> <li>• Reduced asset value for poorly performing assets</li> <li>• Increased cost of financial capital for high carbon assets</li> </ul>	Implementing net zero carbon pathway interventions, including securing high-quality renewable energy, and improving the energy efficiency of assets. This is supported by our Planned Preventative Maintenance (PPM) at the centre level for improving plant and equipment.
	2 Financial market uncertainty	Sustained damage from climate-related physical impacts or persistent transition-related market movements impact macroeconomic conditions and threaten the ability of firms to produce goods and services.	<ul style="list-style-type: none"> <li>• Rise in interest rates and a decrease in economic growth leading to an increase in cost of financial capital</li> <li>• Less market liquidity contributing to reduced transactional and development activity</li> <li>• Economic downturn reducing rental income and asset value and increasing tenancy risk</li> </ul>	Conducting regular market reviews of the retail environment, property values and comparable transactions to respond to any changes in the market.
	3 Increased regulation	Policy mandates existing building stock and developments improve efficiencies and operational practices and embed climate resilience onsite.	<ul style="list-style-type: none"> <li>• Capex cost to meet new standards</li> <li>• Potential stranded asset risk and increased void periods for non-compliance</li> <li>• Reduced asset values, 'brown discount' or reduced occupier demand</li> </ul>	Continuously monitoring the UK's EPC regulation road map and are prepared to adapt our improvement plans within the required timescales. Our 10-year PPM has been designed to account for upcoming increases in regulation.
	4 Shifting market and occupier expectation	Markets shift to meet growing demand for low or net zero carbon assets with onsite climate resilience embedded. Demand may also shift away from certain geographies or sectors, while changing consumer preferences could create tenant risk.	<ul style="list-style-type: none"> <li>• Decreased demand for inefficient assets leading to lower rental and asset values</li> <li>• Stranded asset risk for assets in high-risk geographies</li> <li>• Tenant default risk for occupiers in carbon intensive sectors</li> </ul>	As a retail business, we are continuously monitoring the demands of our customers. We engage with the Building Better Partnership (BBP) to share best practice and establish how the industry will respond to occupier expectations. We continue to share our net zero carbon pathway successes and further implementation of green lease requirements.

### KEY

- Transition risks
- Physical risks

# TCFD Disclosure CONTINUED

## 2. Strategy

Time horizon	Risk	Risk description	Risk impacts	Mitigating controls
Medium term: 2030-2039	5 Insurance challenges	The physical impacts of climate change are extensive and cause the insurance industry to reassess premiums or withdraw cover.	<ul style="list-style-type: none"> <li>Rise in insurance premiums or difficulty in securing insurance for vulnerable assets</li> <li>Stranded asset risk and reduced asset values for uninsurable assets</li> </ul>	Conduct annual insurance inspections to understand current insurance statuses and review whether more beneficial terms can be secured.
	6 Supply chain and resources	Physical climate impacts can cause widespread disruption to production within supply chains and cause resource prices to rise.	<ul style="list-style-type: none"> <li>Higher construction and procurement costs</li> <li>Business disruption causing loss of income</li> </ul>	As a retail business, we monitor the market and impacts on consumer confidence and product availability, including climate-related impacts.
	7 Flooding	Increased duration and intensity of precipitation, snow melt, and rising sea levels will exacerbate fluvial (river), pluvial (surface water) and coastal flooding.	<ul style="list-style-type: none"> <li>Repair costs and loss of access impacting revenues in a flood event</li> <li>Capex to install flood defence measures</li> <li>Reductions in regional investment and footfall</li> <li>Decline in asset value or stranded asset risk</li> </ul>	Our PPM at the centre level ensures proactive maintenance to protect infrastructure under which flood preventive measures are monitored. Additionally, we monitor weather forecasts and latest research to identify changes in risk. We are also working with the local authorities and water boards to support the flood resilience of the local infrastructure plan and the implementation of preventative measures.
	8 Storm damage	Meteorological phenomena are becoming more frequent. Impacts arise from storms and heavy wind, exacerbated by changes to sea temperatures and seasonal patterns.	<ul style="list-style-type: none"> <li>Capex to install adaptation measures and clean-up costs in a storm event</li> <li>Decline in asset value or stranded asset risk</li> </ul>	Our PPM at the centre level ensures proactive maintenance to protect infrastructure from storm damage. As with flooding, we monitor weather forecasts to prepare for storm events and have started to implement weather-related emergency plans.
Long term (>2040)	9 Water stress and drought	Water becomes increasingly scarce, with supply unable to meet demand. As temperatures rise, average drought lengths could increase, with implications on water costs, supply chains and public health.	<ul style="list-style-type: none"> <li>Increased operational costs</li> <li>Capex to improve efficiency</li> <li>Reduced asset values for inefficient assets</li> </ul>	Our PPM at centre level ensures proactive maintenance to maintain and apply water-saving initiatives. We also monitor the local water board drought plans at each centre to better understand the drought risk for each site area.
	10 Heat stress	Rising mean temperatures and extreme temperature highs put pressure on both people and infrastructure.	<ul style="list-style-type: none"> <li>Degradation of plant and equipment leading to increased energy demand and capex associated with replacement</li> <li>Increased operational costs</li> <li>Interrupted business operations and reduced workforce productivity</li> <li>Negative health and wellbeing impacts, which can also lead to reputational risks</li> <li>Reduced tenant demand for space without energy efficient cooling and/or ventilation</li> </ul>	Interventions planned under our net zero carbon pathway, supported by our 10-year PPM, will help improve the operational efficiency of our assets and reduce the vulnerability of our sites to heat stress implications. We actively monitor heat stress control measures, including: <ul style="list-style-type: none"> <li>Significant changes in ambient temperature</li> <li>Air pollution</li> <li>Ultraviolet exposure</li> <li>Extreme weather</li> <li>Changes in the built environment</li> </ul>

Additionally, we have identified opportunities that we can leverage to deliver outstanding climate-related performance to our occupiers and guests. These include proactive investment in low-carbon technologies and climate adaptation measures to secure long-term cost savings, achieve our net zero carbon ambitions, improve brand reputation, increase footfall, and attract premium occupiers.

## 2b. Impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning

Climate-related risks have been embedded into our business strategy as a component of the environmental sustainability pillar of our ESG strategy. Energy, water, and carbon efficiency opportunities as well as other climate resilience measures are identified within the business planning process alongside all other business planning items.

Climate-related risks inform our financial planning and investment strategy. Throughout the acquisition process, we undertake surveys to assess the carbon performance and climate resilience of sites and the capex necessary to align sites with our net zero carbon pathway and climate risk management approach. This helps us identify and implement opportunities to enhance our net zero carbon readiness and make conscious investment decisions. We are currently in the process of enhancing our pre-acquisition sustainability due diligence through a sustainability acquisition investment checklist. This will extend our minimum performance standards and investment decisions thresholds to EPC performance, net zero carbon operational performance in line with CRREM stranding year, potential for onsite renewables, climate risk resilience of building characteristics and the vulnerability of the location, and to occupiers and their onsite activities.

Refurbishments provide an opportunity to undertake climate resilience and net zero carbon upgrades. We have embedded climate adaptation solutions into our refurbishment process and seek to deploy energy

efficiency upgrades across each stage of the property life cycle. Net zero carbon upgrades and maintenance costs associated with climate-related risks, such as maintaining ambient temperatures in centres, ensuring adequate drainage and repairs from climate-related damages, are priced into the service charge budget (PPM) for each shopping centre. Additionally, under our Net Zero Carbon Committee Wheel of Delivery, we are committed to developing an interventions capex plan and TCFD audits to further support our decarbonisation and climate adaptation efforts.

## 2c. Resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

Having conducted a climate risk assessment, we understand the material climate-related risks to our business and the vulnerability of our assets and business structure across the IPCC's RCP 4.5 and RCP 8.5 climate scenarios and how to effectively manage respective risks and opportunities going forward. These insights have already fed into our strategy and decision-making and we are rolling out new management, mitigation, and adaptation measures to improve our resilience.

RCP 4.5 and RCP 8.5 have been determined as the climate scenario for our assessment, as they cover a range of likely emissions scenarios and associated risks. The RCP 4.5 climate scenario is characterised by significant policy action and market forces to decarbonise and meet the Paris Agreement. Capital & Regional's resilience against risks associated with the RCP 4.5 climate scenario (low emissions) is being secured by our NZC pathway and related activities described in TCFD Recommended Disclosure – Strategy a). The RCP 8.5 scenario is characterised by significant changes in weather patterns and severe physical risks. Our resilience against risks associated with the RCP 8.5 climate scenario (worst case, high emissions) is currently secured by our PPM at centre level and our proactive approach to assessing risks. Additional climate adaptation plans and measures are under consideration.

### Climate scenarios

Scenario	Average temperature rise	Transition	Impact
<b>Scenario 1:</b> <b>RCP 4.5</b>	1.7 – 3.2°C by 2100	Lower emissions scenario where there is increasing policy action to meet the Paris Agreement. Transition risks dominate.	<b>Economic:</b> substantial regulatory and market pressure to decarbonise and associated costs to meet these demands. <b>Environmental:</b> Less physical risk, although ca. 2°C warming still presents substantial physical climate risks.
<b>Scenario 2:</b> <b>RCP 8.5</b>	3.2 – 5.4°C by 2100	Higher emissions, business-as-usual scenario where policy action is negligible and warming rises drastically. Physical risks dominate.	<b>Economic:</b> Permanently stunted GDP growth and severe economic and social shifts. <b>Environmental:</b> Chronic changes to weather patterns and ecosystems causing severe impacts on a global scale.

## 3. Risk Management

### 3a. Describe the organisation's processes for identifying and assessing climate-related risks

Our two-pronged approach to a climate risk assessment which includes both the business and portfolio has enabled us to identify material climate-related risks, by assessing their potential significance and likelihood, relative to each other. These results have been integrated into a climate-related risk matrix which underpins the single risk issue of climate-related risks, which individually is recognised as a principal risk and therefore embedded into our risk management and decision-making processes. Climate-related risks are informally reviewed on an ongoing basis by the SLT and formally presented to the Board as part of the biannual risk review. The SLT also works closely with the Operational Teams to remain aware of any significant risk impacts at the site-level. Moving forward, the Group has committed to reporting against TCFD annually and regularly conducting climate risk assessments. As described above and throughout our TCFD disclosure, these may occur in the form of qualitative literature reviews and quantitative portfolio modelling, based on latest geospatial and local climate and vulnerability data, particularly in the event of material changes to the business and/or assets in our portfolio.

### 3b. Describe the organisation's processes for managing climate-related risks

A risk review is conducted twice a year by the Group's Board, Audit Committee and SLT to ensure that the Group remains abreast of identified and emerging risks. Throughout the risk review, principal risks are ranked by significance and likelihood across low, medium, and high levels in a risk matrix, and individual responsibility and mitigating controls are determined. Climate-related risks are also managed via a separate climate-related risk matrix underpinning the climate-related principal risk (see TCFD Recommended Disclosure – Strategy a) for more detail).

In addition to the mitigating controls described in the TCFD Recommended Disclosure section – Strategy a) & b), we have scaled up our green lease clauses and are engaging with occupiers to improve their energy efficiency and data sharing to enhance our ability to manage risks in tenant-controlled spaces.

We have also implemented the following solutions to actively manage climate-related risks at the asset level:

- Further installation of LED lighting and PIR sensors
- Sourced 100% of electricity from renewable sources
- Increased climate risk awareness for all operational teams, focusing on preparing response plans for extreme weather events
- Significant investment into new blast cooler and glycol liquid piping at Snozone Milton Keynes
- Installed over 1,000 solar panels to the roof at Snozone Madrid

Further information on activities completed in 2022 can be found in the environmental sustainability section of the report.

### 3c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management

A range of climate-related risks have been fully integrated into our risk management framework. As of last year, climate-related risk has been identified as a principal risk to the business and forms an integral part of the Group's biannual risk review. The climate-related principal risk is underpinned by a separate climate-related risk matrix, where material climate risks have been assessed and ranked via a rigorous climate risk assessment (see TCFD Recommended Disclosure – Strategy a)). The climate-related risk matrix is managed, overseen and regularly updated by the SLT, of which members of the ESG Committee and Board are members of (see TCFD Recommended Disclosure – Governance).

# 4. Metrics and Targets

## 4a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process

We publicly report on our environmental performance and use a range of metrics to assess our resource consumption, energy, and carbon emissions and determine our exposure to climate-related risks. These include:

- Scope 1, 2 and 3 emissions in tCO<sub>2</sub>e, including GHG intensity from building energy (kgCO<sub>2</sub>e/m<sup>2</sup>/year), calculated using internal data and emissions factors from the UK Government's GHG Conversion Factors for Company Reporting 2020
- Electricity consumption in kWh, including energy intensity in kWh/m<sup>2</sup>/year, monitored monthly and reported per asset
- Water consumption, including occupier water consumption in m<sup>3</sup>/year
- Waste disposal in tonnes, split into landfill, incineration, recovery recycling and anaerobic digestion in metric tonnes
- Onsite renewable energy generation as a percentage of total energy consumption
- High quality renewable energy procurement as a percentage of total energy consumption
- Embodied carbon intensity in tCO<sub>2</sub>e/m<sup>2</sup> GIA for refurbishments, developments and fit-outs
- Total portfolio embodied carbon in tCO<sub>2</sub>e
- Offset residual carbon emissions in tCO<sub>2</sub>e
- EPC ratings and building certifications as a holistic indicator of the portfolio's performance

## 4b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks

We report our Scope 1 and 2 GHG emissions in our SECR and EPRA disclosure available on pages 70–76. These have been calculated and reported in line with the GHG Protocol

Corporate Accounting and Reporting Standard.

In 2022, we published our net zero carbon pathway document (available here), in which we disclosed our 2019 baseline Scope 1, 2, and 3 GHG emissions. Our most material Scope 3 emissions, associated with occupier energy consumption, were based predominately on estimations. Due to limited improvement in data availability since the recent publication of our net zero carbon pathway, we have decided not to include updated Scope 3 emissions data in these disclosures. During 2023, we will focus on improving our occupier data collection to enable disclosure in our 2023 Annual Report.

## 4c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets

For our shopping centres and Snozone venues, we have set the target of reaching net zero carbon by 2040 and have developed a net zero carbon pathway formulating energy efficiency measures and targets based on the Carbon Risk Real Estate Monitor (CRREM) 1.5°C Global Pathway for the shopping centres with a separate strategy for the Snozone venues. The Snozone venues have a five-year capital plan to significantly reduce their carbon footprint with new equipment and off-setting initiatives. We have set short- and medium-term targets for embodied carbon, operational carbon, onsite renewable generation, renewable energy procurement, carbon offsetting and third-party verification across our operations, refurbishments, and acquisitions processes to reach our net zero commitment and mitigate transition climate-related risks. More detail on these targets and our progress against them is available throughout the environmental sustainability section of the report.

To increase accountability and culturally embed climate risk management throughout the organisation we have set remuneration-linked annual objectives for energy and carbon performance, environmental data collection, tenant engagement and implementing internal risk management and control processes for all our employees across all levels of our business in our corporate ESG objectives 2023. Key climate-related objectives include:

Level	Climate-related Target(s)
<b>Board and SLT</b>	<ul style="list-style-type: none"> <li>• Establish an internal carbon pricing system to dedicate funding for ESG related initiatives</li> <li>• Reduce total energy consumption by 5% on 2022 and 10% on 2019 outturn</li> <li>• Ensure compliance with all sustainability regulations and new technology trends</li> </ul>
<b>Commercial team</b>	<ul style="list-style-type: none"> <li>• Obtain at least 20% of retailers' energy performance data across the portfolio by year end</li> <li>• Establish an EPC management plan to future proof against incoming legislation, where the minimum EPC rating will increase to a C by 2027 and B by 2030</li> </ul>
<b>Investment team</b>	<ul style="list-style-type: none"> <li>• Perform newly developed pre-acquisition sustainability due diligence for all new acquisitions</li> </ul>
<b>Operational management</b>	<ul style="list-style-type: none"> <li>• Provide 100% of actual Scope 1 and 2 emissions data covering energy, water, waste, and fugitive emissions</li> <li>• Increase proportion of energy data covering occupied spaces to improve Scope 3 data coverage</li> </ul>



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