Sustainability Indicators: Basis of Reporting

McArthurGlen Group has committed to its own strategic sustainability framework, Evolve, consisting of three pillars - *Our Impact*, *Our Communities* and *Our Foundations*. This framework seeks to drive continuous improvement towards our 2040 ambitions, which include a net zero target to address the issue of climate change.

Sustainability reporting allows the Group to measure and monitor sustainability performance on a regular basis, enabling the reduction of carbon emissions generated by direct and indirect activities. Performance monitoring is also a fundamental process to drive progress against our Evolve objectives, as well as to implement effective actions to reduce resource consumption and operational costs while managing potential environmental risks.

Our sustainability reporting is guided by the following principles to ensure accuracy, transparency, and consistency:

- **Relevance**: We report information that is significant to stakeholders and critical for decision-making.
- **Completeness**: Our reports encompass all relevant activities within the defined scope and boundaries.
- **Consistency**: We apply uniform methods and standards over time to allow for comparison.
- **Transparency**: We provide clear and understandable information about our data collection, calculation methodologies, and assumptions.
- **Accuracy**: We strive to provide precise data by using reliable sources and verification processes.
- **Reliability**: We maintain robust systems and controls to ensure the dependability of our data.

Definitions and acronyms

Carbon Footprint	The total impact of McArthurGlen's operations in terms of the amount of greenhouse gases produced both directly and indirectly. This includes scope 1, 2 and 3 emissions and is expressed in tonnes of carbon dioxide equivalent (tCO_2e).
Greenhouse Gas (GHG)	GHGs are the six gases listed in the Kyoto Protocol: carbon dioxide (CO_2); methane (CH4); nitrous oxide (N2O); hydrofluorocarbons (HFCs); perfluorocarbons (PFCs); and sulphur hexafluoride (SF6).
Carbon Dioxide Equivalent (CO_2e)	CO_2e is a metric used to compare the emissions from various greenhouse gases by converting amounts of other gases to the equivalent amount of carbon dioxide with the same global warming potential.

Emission Factor (EF)	An emission factor is used to convert activity data (e.g. fuels consumed, electricity purchased, distance travelled, waste produced etc.) into an amount of emissions, usually expressed in terms of CO_2e.
Gross Lettable Area (GLA)	Total amount of floorspace (m^2) that is available for rental by tenants. It is often used to normalise values for like-for-like comparisons.

Methodology and boundaries

- The McArthurGlen reporting boundary is defined using an operational control approach. This includes facilities where we have full authority to implement operational policies, which covers McArthurGlen Designer Outlet centres and offices.
- The annual reporting period covers the calendar year (1st January to 31st December). Unless otherwise stated, key performance indicators (KPIs) are calculated for the whole reporting period.
- Sustainability data considers acquisitions, new openings, and disposals within the portfolio, as per the operational control approach.
- Baseline and historical data is not readjusted to remove sustainability data of divested entities as long as it has no material[1] impact.
- If material[1] errors are found in historical data during the data validation/assurance process, McArthurGlen will restate this information to allow accurate year-on-year comparison.
- McArthurGlen uses the GHG Protocol Corporate Accounting Standard Methodology and their supporting Scope 3 Calculation Guidance as the guiding framework for reporting.
- The carbon footprint includes all material scope 1 & 2 emission sources across the group and relevant scope 3 categories, under McArthurGlen's influence.
- For selected KPIs, McArthurGlen also considers voluntary ESG reporting standards such as the Global Reporting Initiative (GRI).

Governance

The reporting process involves the various corporate and centre functions who have ownership of data collection, analysis, and consolidation, each for their own area of competence.

Facilities teams at centre level are responsible for monitoring and reporting progress on their respective sustainability reporting indicators.

The Sustainability team is responsible for identifying relevant data for material sustainability topics and building the data collection, aggregation and validation processes to meet the reporting needs of shareholders, directors, investors and all other stakeholders.

The McArthurGlen Sustainability Steering Committee has oversight of sustainability performance on a quarterly basis.

[1] A deviation is considered material if it constitutes a change of more than 10% from the previously reported value.

The Sustainability team is also responsible for selecting and establishing tools for monitoring and managing sustainability metrics as a basis for decision-making. Where data is not available, estimates are calculated by the Sustainability team according to best practice and industry benchmarks.

McArthurGlen utilises a dedicated sustainability reporting tool that allows the business to collect monthly sustainability performance data such as energy, water, and waste consumption. The data is entered on a quarterly basis at a minimum, with information being uploaded both automatically and manually. These consumption values are converted to CO_2e using the performance specific emissions factors. McArthurGlen reviews and updates emissions factors on an annual basis. Additional metrics are collected via the annual sustainability survey.

McArthurGlen sustainability KPIs are measured and reported at group, regional and centre level. At the end of the reporting year, data is finalised, internally reviewed, then GHG emissions are calculated at centre level and consolidated at group level.

Data assurance

McArthurGlen engages with third-party assurance providers Bureau Veritas to provide limited assurance in relation to the following KPI list.

KPI summary list

- Energy
- Water
- Waste
- Greenhouse gas emissions
    - Scope 1
    - Scope 2
    - Scope 3
    - GHG intensity

Energy

KPIs	**i.** **ii.** **iii.**	**Energy** **On-site renewables** **Energy intensity**
Unit of measurement	i. ii. iii.	kWh kWh kWh / m^2 GLA
Baseline year	2019	
Scope	All entities in scope for sustainability reporting within operational control boundary in the reporting year. The scope of reporting includes information provided in Streamlined Energy and Carbon Reporting (SECR) and Energy Saving Opportunity Scheme (ESOS).	
Definitions	i.	**Energy:** purchased electricity and gas from a utilities provider.

	ii.	**On-site renewables:** electricity generated on site from renewable sources, e.g. photovoltaic panels. This can be used both on-site and/or exported to the grid.
	iii.	**Energy Intensity:** measures energy usage per m^2 of GLA, used for like-for-like comparison.
Reporting process	i.	**Energy:** consumption data is provided by centre teams quarterly on the reporting tool; centre teams provide this information based on automatic metering systems, manual meter reads or invoices.
	ii.	**On-site renewables:** generation data is provided by centre teams quarterly on the reporting tool. If renewable electricity generation is not metered, this will need to be provided manually in the annual survey.
	iii.	**Energy Intensity:** calculated by the sustainability team considering the total amount of energy demand and m^2 GLA**.**

Water

KPIs	**i.** **ii.**	**Water withdrawal** **Water discharge**
Unit of measurement	i. ii.	m^3 m^3
Baseline year	2019	
Scope	All entities in scope for sustainability reporting within operational control boundary in the reporting year.	
Definition	i. **Water withdrawal:** a. Total freshwater usage reported from third-party water supplier. Water withdrawals from groundwater are not available. b. Total water usage in water stress areas. Water stress areas are determined via Aqueduct Water Risk Atlas tool. ii. **Water discharge for reporting purposes considers water supplied as equal to water discharged.**	
Reporting process	Water usage data is provided by centre teams quarterly on the reporting tool; centre teams provide this information based on automatic metering systems, manual meter reads or invoices.	

Waste

KPIs	**i.** **ii.** **iii.**	**Waste generated by disposal route** **Waste diverted from landfill** **Waste recycling**
Unit of measurement	i. ii. iii.	Metric tonnes % of material diverted from landfill % of material recycled

Baseline year	2019
Scope	All entities in scope for sustainability reporting within operational control boundary in the reporting year.
Definition	i. **Waste generated by disposal route:** total amount of waste generated, divided into recycling, incineration, landfill, anaerobic digestion, composting and re-use. ii. **Waste diverted from landfill:** calculated to reflect the proportion of waste redirected from landfill as a proportion of total waste generated. iii. **Waste recycling:** calculated to reflect the proportion of waste sent to recycling, re-use, composting and anaerobic digestion facilities as a proportion of the total waste generated.
Reporting process	Waste data is provided by centre teams quarterly on the reporting tool; centre teams should provide this information based on the waste reports from local waste management suppliers.

Greenhouse gas emissions

Scope 1

KPI	**Scope 1: Direct GHG emissions**
Unit of measurement	tCO2e
Baseline	2019
Scope	All entities in scope for sustainability reporting within operational control boundary in the reporting year. The scope of reporting includes information provided in Streamlined Energy and Carbon Reporting (SECR) and Energy Saving Opportunity Scheme (ESOS).
Definition	• **Fuels** purchased and used in centres directly by McArthurGlen. Fuels consumed include natural gas, liquid petroleum gas (LPG), gas oil, and biomass. Fuel can be used for **heating (i)** as well as in company owned and leased **vehicles (ii)**, and emergency generators. • Fugitive **refrigerant gases (iii)** (intentional or unintentional releases, e.g. equipment leaks) from any owned or controlled equipment or assets, mainly heating ventilation and air conditioning (HVAC) systems.
Source & Process	i. **Fuels (heating)**: consumption data is provided by centre teams quarterly on the reporting tool; this information is provided based on automatic metering systems, manual meter reads or invoices. ii. **Vehicles**: consumption data is provided as either distance travelled or amount of fuel consumed by leased vehicles. Data is submitted by centre teams via the internal sustainability survey on an annual basis or provided via a third-party provider.

	iii. **Refrigerants:** centre teams provide data via the internal sustainability survey on an annual basis based on reports from their mechanical and electrical service contractors.
Emission Factors	DEFRA emission factors are utilised to calculate emissions.

Scope 2

KPIs	**Scope 2: Indirect GHG emissions (location-based and market-based)**
Unit of measurement	tCO2e
Baseline	2019
Scope	All entities in scope for sustainability reporting within operational control boundary in the reporting year. The scope of reporting includes information provided in Streamlined Energy and Carbon Reporting (SECR)[2] and Energy Saving Opportunity Scheme (ESOS).
Definition	i. **Scope 2 Location-based:** reflects the average grid GHG emissions within the defined geographic location in which the energy consumption occurs. ii. **Scope 2 Market-based:** reflects the GHG emissions associated with contractual instruments of electricity purchasing.
Emission Factors	i. **Scope 2 Location-based:** McArthurGlen applies country specific average mix electricity emission factors (e.g. DEFRA, IEA). ii. **Scope 2 Market-based:** specific residual mix factor is used (AIB).
Reporting process	Consumption data is provided by centre teams quarterly on the reporting tool; centre teams should provide this information based on automatic metering systems, manual meter reads or invoices. *Note: electricity sub-metered and recharged to tenants is included in scope 3 GHG emissions, within downstream leased assets.*

Scope 3

Definition	**Scope 3: Other indirect GHG emissions**
Unit of measurement	tCO2e
Baseline year	2019

[2] Streamlined Energy and Carbon Reporting (SECR) is limited to Scope 2 Location-Based emissions. SECR scope of reporting accounts conservatively for EV chargers' energy consumption of leased vehicles at Head office.

Scope	All entities in scope for sustainability reporting within operational control boundary in the reporting year. The scope of reporting includes information provided in Streamlined Energy and Carbon Reporting (SECR) and Energy Saving Opportunity Scheme (ESOS) limited to business travel[3].	
Definition	i.	**Purchased goods and services**: this category includes all upstream emissions from purchased goods and services by the reporting company. For McArthurGlen, this includes all spend processed through the company finance system excluding those accounted for in other categories (e.g. waste, energy and travel).
	ii.	**Downstream leased assets:** this category includes emissions from the operation of assets that are owned by the reporting company (acting as lessor) and leased to other entities in the reporting year that are not already included in scope 1 or scope 2. For McArthurGlen, this refers to emissions resulting from brand partners.
	iii.	**Fuel- and energy-related activities:** this category includes emissions related to the production of fuels and energy purchased and consumed in Scope 1 or Scope 2.
	iv.	**Waste and water**: this includes emissions from third-party disposal and treatment of waste and water generated in the reporting company's owned or controlled operations.
	v.	**Business travel:** this category includes emissions from the transportation of employees for business-related activities in vehicles owned or operated by third parties, such as aircraft, trains, and passenger cars.
Emission Factors	i.	**Purchased Goods and Services** (Category 1): Bilan Carbone Emission factors by ADEME.
	ii.	**Downstream Leased Assets** (Category 13): refer to scope 1 and 2 emission factors.
	iii.	**Fuel- and Energy-Related Activities** (Category 3): well-to-tank and transportation and distribution factors (DEFRA).
	iv.	**Waste and water** (Category 5): DEFRA.
	v.	**Business Travel** (Category 6): DEFRA.
Reporting process	i.	**Purchased Goods and Services**: spend data over the reporting period is categorised at each entity and at group level, and an emission factor is applied ($kgCO_2e$ per euro spent). All spend data is provided by group procurement. Capex is not included in reporting.
	ii.	**Downstream leased assets:** brand partner consumption data is measured where possible. If not known, it is estimated using CIBSE benchmarks or similar publicly available retail benchmarks, using average GLA at each centre throughout the year.

[3] Streamlined Energy and Carbon Reporting (SECR) accounts only for Scope 3 emissions associated with grey fleet (i.e. use of employees' own cars for which fuel costs are claimed back via expenses).

	iii.	**Fuel- and Energy-Related Activities**: refer to utilities data provided by centre teams for scope 1 and 2.
	iv.	**Waste and water**: water consumption and waste disposal data is provided by centre teams on the reporting tool.
	v.	**Business Travel:** data is provided by corporate travel management agency. Additional data is provided by centre teams on an annual basis via the sustainability survey, either based on information provided by local travel partner, or using estimates if the actual data is not available.

GHG intensity

Definition	**GHG emissions intensity ratio for the reporting company**
Unit of measurement	tCO2e/m^2 GLA
Baseline year	2019
Definition	GHG intensity measures emissions generated per sqm of GLA, used for like-for-like comparison
Reporting process	Types of GHG emissions included in the intensity ratio can be direct (Scope 1), indirect (Scope 2), and/or other indirect (Scope 3) divided by organisation-specific metrics (GLA).

This document will be periodically reviewed and revised to reflect changing conditions and information concerning nature, scale and environmental impacts of our activities and services. McArthurGlen reserves the right to adjust the reporting methodology in future to reflect changes to the reporting framework, regulatory requirements, updated industry best practice standards, and stakeholder feedback.

MCARTHURGLEN GROUP

Document Version History

Version	Updates	Date
1.0	Initial release	21/06/2024
2.0	UK SECR reporting details added	05/07/2024