

# *AA1000 Assurance Statement*



**To: the stakeholders of Hibernia REIT plc**

**Independent assurance statement by Upstream Sustainability Services, JLL (“Upstream”) to the stakeholders of Hibernia REIT plc (“Hibernia”) concerning the energy, water, waste and GHG data used in its EPRA Sustainability Performance Measures disclosure (“EPRA”) for the period 1 January 2018 to 31 December 2018.**

## **SCOPE OF WORK**

Hibernia engaged Upstream to provide independent assurance of energy (electricity and gas), water, waste and GHG emission factors relevant to its EPRA disclosure. The engagement was Type 2 moderate assurance in accordance with the AA1000AS (2008) standard which consisted of:

- A. Providing moderate assurance against the AA1000 assurance standard of selected environmental data and the AA1000 sustainability principles (inclusivity, materiality and responsiveness);
- B. Providing an assurance statement suitable for public disclosure to support Hibernia’s disclosure against the requirements of the EPRA.

## **RESPONSIBILITY**

The management of Hibernia is responsible for the completion of the EPRA and all statements and figures contained therein. Upstream’s responsibility was to complete the assurance process and preparation of this assurance statement.

## **METHODOLOGY**

Upstream undertook the following assurance activities:

- 1) Interviewed John Cairns, Property Asset Manager at Hibernia, Dan Boyd, Head of Occupier Services, Thomas Edwards-Moss, Chief Financial Officer, Heather Nesbitt, Financial Reporting Manager and Emma Lepretre, Operations Administrator about Hibernia’s sustainability principles and their development and implementation.
- 2) Discussed data and evidence with the data managers and users.
- 3) Conducted limited testing of selected energy, water and waste data back to its source material (e.g. energy consumption invoices, meter readings, waste transfer notes).
- 4) Tested a limited sample of detailed GHG emissions data by recalculating the emissions from the energy data report used in the EPRA table.
- 5) Reviewed internal and publicly available information relating to the principles of inclusivity, materiality, responsiveness and impact.

## **LEVEL OF ASSURANCE AND LIMITATIONS**

Upstream provided a moderate level of assurance which included desktop review, management and asset level data verification and evidence gathering from internal sources and third parties. The verification did not include financial data, technical descriptions of or information relating to buildings or other information not related to sustainability.

The scope of our data testing was limited to a sample of data from the calendar year 2018 for 15 sites. Additional data and evidence was reviewed for GHG emission factors applied to energy data.

## **A: EVALUATION OF HIBERNIA'S ADHERENCE TO THE AA1000 ACCOUNTABILITY PRINCIPLES (AA1000APS 2008) OF INCLUSIVITY, MATERIALITY AND RESPONSIVENESS**

### **Inclusivity - how the organization engages with stakeholders and enables their participation in identifying issues and finding solutions.**

Tenants, investors, suppliers, communities, employees and government were identified by Hibernia as key stakeholders. The key stakeholder list is reviewed annually. Different means and frequency of engagement have been identified per stakeholder. Examples of this include an annual tenant survey, investor corporate governance roadshow, tenant meetings and the annual employee survey. Most of these forms of engagement allow for feedback and participation of the identified stakeholders in the sustainability agenda of Hibernia. Hibernia's Board has ultimate oversight for all aspects of the business including sustainability and reviews and approves the Group's Sustainability Strategy, Sustainability Policy and Supplier Code of Conduct. Regular input is provided by the Sustainability & Marketing Committee, which, along with other Executive Committees, meets at least once every two months. In 2018, Hibernia's sustainability programme was run by the Sustainability & Facilities Manager, Marcus Dillon, with input and support from the CFO and other team members as required. It is clear that implementing Hibernia's sustainability strategy and reporting on sustainability efforts within Hibernia is a collaborative process, with a large group of stakeholders from across the organization continuously contributing. All stakeholders are regularly engaged with and updated on sustainability through the variety of channels, such as the company intranet.

### **Materiality – how the organization determines the relevance and significance of an issue to itself and to its stakeholders**

The Board of Hibernia has put in place risk management procedures designed to ensure that all applicable risks pertaining to the Group can be identified, monitored and managed at all times. The Group's risk management objectives ensure that risk management continues to be an integral part of business processes and maintains an effective system of risk identification, analysis, evaluation and treatment. The Group's risk system and any updates to it are communicated to all relevant staff periodically and at least annually. A Group risk register is maintained that details risks across all areas of the business. The register is reviewed during the year with new risks added to include risk factors around rezoning and environmental issues and the increasing focus on sustainability reporting. The risk register is reviewed and reported to the Board on an annual basis. GHG emissions, energy, water and waste are highlighted as key material issues relating to the environmental performance of the portfolio. In particular energy has been found to be material to Hibernia's tenants as well.

### **Responsiveness – how the organization demonstrates that it responds to its stakeholders and is accountable to them**

Hibernia has identified key five sustainability principles: responsible asset management, delivering sustainable buildings, positively impacting communities, supporting suppliers and developing and supporting its employees. Targets have been set against four of these five principles (all except supporting suppliers). Some of these targets include: greenhouse gas intensity reductions, minimum waste recycling rate, incorporation of the WELL Building Standard in developments, contributions to charity events and delivery of knowledge sharing meetings for Hibernia staff. The wellness-focused "Step Up" campaign initiated in 2017 focused on engagement with tenants, visitors and employees, aiming to encourage healthier living proved popular, and was rolled out across the managed portfolio in 2018. In 2018, Hibernia also introduced sustainability as a key performance indicator in their remuneration policy, meaning the achievement of sustainability performance will now also have a bearing on annual bonus awards for senior management colleagues and certain other staff members.

**Impact – how the organisation monitors and measures the effects of its behavior and performance on the economy, the environment, and the society.**

Hibernia actively monitors its performance against the targets set on four of the five sustainability principles: responsible asset management, delivering sustainable buildings, positively impacting communities, and developing and supporting its employees. The Sustainability Committee meets every 6-8 weeks, to discuss progress against objectives amongst other things. Performance against targets is publicly disclosed on an annual basis. Hibernia monitors its impact on society through employees and tenant surveys, and donations to charities. Hibernia further discloses its sustainability performance the European Public Real Estate Association (“EPRA”) Sustainability Best Practices Recommendations. In addition, Hibernia measures the sustainability of its developments through green building standards such as LEED and the WELL Building Standard. In 2018, Hibernia made its first submission on a private basis to the Global Real Estate Sustainability Benchmark (“GRESB”), allowing them to measure performance indicators, management and policies against peers. Within the other areas, Hibernia has identified key areas to improve, for example effective Environmental, Health and Safety management systems (“EHS”) through international ISO 14001 and ISO 45001 certification.

**OBSERVATIONS & RECOMMENDATIONS**

- Hibernia demonstrates continuous efforts to ensure that all relevant stakeholders participate in its strategic response to sustainability. Hibernia strives to provide an inclusive, open environment for its employees with opportunities for individuals and teams to feedback and enable the business to meet its strategic objectives.
- Hibernia’s process used to identify sustainability risks is well-established, continuous and fully integrated across the organization.
- Hibernia has a clear, consistently applied process to respond to material issues in place, and has been able to make good progress despite a challenging market. Material issues and stakeholder interests are translated into multiyear sustainability objectives and they guide the implementation the sustainability strategy. There is a wide range of methods and communication channels for Hibernia to respond to stakeholders and identified material issues.
- Hibernia measures and monitors the effects of its behavior and performance on the environment and the economy. Hibernia publicly discloses its impact using best practice disclosure standards.
- Although Hibernia demonstrates adherence to the AA1000 principles, there is scope to enhance the sustainability practices by formally documenting the criteria used for determining the relevance of stakeholders and material issues to Hibernia’s strategic response to sustainability. Hibernia could consider improved the communication of the sustainability strategy & targets internally, the monitoring of its impact on the society (e.g. suppliers and the community) as well as its processes to understanding of climate change related risks and opportunities to their business.

**B: EVALUATION OF THE RELIABILITY OF THE SPECIFIED SUSTAINABILITY PERFORMANCE INFORMATION AND ASSOCIATED DATA COLLECTION AND MANAGEMENT PROCESSES AND SYSTEMS**

Based on the scope of work described above, nothing has come to Upstream’s attention that causes it to believe that the specified 2018 energy, water and waste data and GHG emissions of Hibernia’s EPRA table are not fairly stated.

**Data assured**

Energy: 17,518,000 kWh

Water: 43,096 m<sup>3</sup>

Waste: 690 tonnes

Direct (scope 1) GHG emissions: 2,099 tCO<sub>2</sub>

Direct (scope 2) GHG emissions: 2,933 tCO<sub>2</sub>

## **OBSERVATIONS & RECOMMENDATIONS**

- Overall data quality was good. Using primary evidence energy and water consumption and GHG emissions data were assured with 100% accuracy, and waste was assured with 99.3% accuracy.
- Where discrepancies were identified, Hibernia's personnel were collaborative and responsive to requests for additional evidence and clarifications.
- The waste manager that Hibernia works with has a 'zero to landfill' policy, and states on their website that 100% of the waste has been recycled. We recommend requesting formal confirmation from the waste contractor that the waste reported by Hibernia is 100% recycled (this could for example be stated on the invoices).
- Hibernia should consider the possibility of using an online platform for the collection and storage of primary evidence, in line with the platform that is currently available for waste.

## **INDEPENDENCE OF ASSURANCE**

Due to our expertise and experience with non-financial information, sustainability management and social and environmental issues, we have the competencies required to conduct this independent assurance engagement. We are bound by the JLL Code of Business Ethics and are independent as defined by AA1000AS (2008). Whilst JLL provides other sustainability services to Hibernia, the assurance providers did not participate in these activities or in preparing the sustainability information included in the EPRA submission.

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