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STRATEGY

**We
Develop
Quality**

**Freedom
of mobility**



SUSTAINABLE DEVELOPMENT GOALS

As one of Europe's leading parking service providers, Q-Park wants to demonstrate its contribution to the UN Sustainable Development Goals (SDGs). These are 17 aspirational Global Goals, supported by 169 targets.

The SDGs were established by the United Nations in 2015 to address the biggest global issues – ranging from ending hunger and poverty to addressing climate change.

Figure 8: UN 17 Sustainable Development Goals (SDGs)



Although Q-Park's business potentially has an impact on all 17 SDGs, we have identified two that align most with our business, strategy and objectives and where we believe we can make a difference.

These are SDG 9 (Industry, innovation and infrastructure) and SDG 11 (Sustainable cities and communities).

Why are these SDGs significant to Q-Park?

Today 3.5 billion people, that is half of humanity, lives in cities. With an ever-increasing world population, greater numbers of people living in cities, and rising prosperity, urban infrastructure is becoming significantly more important.

One of the accompanying challenges for municipalities is to maintain a liveable city as they contend with a range of issues: congestion, traffic cruising for a

place to park, reduced accessibility, air pollution, and unattractive unsafe streets and squares, full of parked cars. Furthermore, smart city elements that connect the physical with the digital world are increasingly finding their way into our lives.

In 2018 we have further aligned our CSR strategy with the SDGs and identified the relevant sub-targets.

The following table shows the relationship between the SDGs that are the most relevant for Q-Park and the company's contribution.

SDG	Description Sustainable Development Goal	Q-Park's activities and contribution
9.1	Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all	By offering attractive parking facilities we make urban amenities and vital functions (such as hospitals, airports, universities and city centres) accessible.
9.4	By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities	<div> <div></div> <div>Investments in LED to reduce energy consumption</div> </div> <div> <div></div> <div>Offering e-charging stations and car sharing options to support the use of environmentally friendly options</div> </div> <div> <div></div> <div>Offering parking near public transport nodes and bicycle parking for environmental 'last mile' needs</div> </div>
11.3	By 2030, enhance inclusive and sustainable urbanisation and capacity for participatory, integrated and sustainable human settlement planning and management in all countries	<p>Q-Park works closely with municipalities to analyse changing mobility patterns and devise innovative responses.</p> <p>We seek collaboration with local authorities, so that regulated and paid parking become an integral part of urban mobility. Instruments we use to promote sustainable urban mobility include smart parking tariff structures and allowing parking permit holders to park their cars in a Q-Park car park in the evening.</p>
11.6	By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management	<div> <div></div> <div>Reduce search traffic by providing dynamic parking information</div> </div>
11.7	By 2030, provide universal access to safe, inclusive and accessible, green and public spaces, in particular for women and children, older persons and persons with disabilities	<div> <div></div> <div>Off-street / underground parking as a mean to create car-free zones and public spaces that can be used for recreation, etc.</div> </div>
11.A	Support positive economic, social and environmental links between urban, per-urban and rural areas by strengthening national and regional development planning	<div> <div></div> <div>By offering P+R solutions and being part of mobility hubs Q-Park contributes to connecting rural and urban areas as well as reducing car-traffic in city centres</div> </div>

GHG REPORTING

Greenhouse Gas emissions are reported under the GHG Scopes which are defined in the Greenhouse Gas Protocol (GHG Protocol). This protocol was jointly convened in 1998 by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI).

The WBCSD is a global, CEO-led organisation of over 200 leading businesses working together to accelerate the transition to a sustainable world.

The WRI is a global research organisation active in more than 50 countries. It works closely with leaders to transform big ideas into action designed to sustain natural resources,

The GHG Protocol was established to provide a standard classification for company GHG emissions. GHG emissions are divided into three categories or 'scopes', these are:

- I Scope 1: direct emissions from owned or controlled sources.
- I Scope 2: indirect emissions from the generation of purchased energy.
- I Scope 3: all indirect emissions that are not included in scope 2 and that occur in the reporting company's upstream and downstream value chain.

HOW WE CREATE VALUE

Q-Park's strategic ambition is to be the strongest European car parking operator that best understands and seizes car parking market opportunities.

Our strategic focus is to create value for all stakeholders: shareholders, landlords, municipalities, commercial partners, customers and employees.

Q-Park operates in a dynamic environment. To provide a dynamic response to external events and market trends our tactical plans are built on five focus areas:

- | Portfolio of strong locations
- | Differentiated contract types & propositions
- | Digital & pricing capabilities
- | Operational excellence
- | Proactive learning organisation

We maintain and strengthen our position by remaining alert to new developments and responding with forward-looking strategies.

Ongoing dialogue with our stakeholders is vital to ensure that their interests and needs are represented in the choices we make. Our materiality analysis helps us to understand the most relevant issues.

- | We aim to gain substantial benefit by utilising our scale of operations and market position.
- | We want to increase the margins on our operating activities by focusing on greater efficiency.
- | We are focusing on increasing our market share through acquisitions and different types of lease and management contracts.

Integral mobility

Our aim in society is to be an integral part of city mobility policies and to work towards sustainable freedom of movement. We achieve this through adopting a fair pricing policy, facilitating good information provision about available parking spaces, and integrating with alternative modes of transport.

Sustainable value

- | We create sustainable value in society with our parking products: they help to improve quality of life and to reduce air pollution generated by traffic cruising for a place to park.
- | As a proactive learning organisation, we enhance our employees' job satisfaction and their competences by providing relevant training and education.
- | And for the parking customer, we add value by providing functional products and services and by involving them in our activities.

Value clarification

To clarify the sustainable value we create, we use the following categories throughout this report:

- | Value creation
- | Value capturing
- | Value sharing
- | Value retention




MATERIALITY ANALYSIS

Material aspects

In 2014 and in 2016 we conducted a materiality analysis, entirely in accordance with the **G4 guidelines**, to determine whether the issues we present are relevant and valuable to our stakeholders, and to ascertain whether they are still sufficiently in line with our strategic plans.

The issues with the most impact for Q-Park and of most concern for our stakeholders are, in order of impact:

1. Economic performance
2. Partnerships
3. Corporate reputation and ethics
4. Employee satisfaction and employment practices
5. Parking integrated with other modes of transport
6. Customer satisfaction
7. Facilitating cars with enhanced environmental performance
8. Accessibility of parking facilities
9. Compliance with law and regulations
10. Training and education
11. Parking information
12. Energy consumption
13. Innovation and digital capabilities
14. Transparent and integrated reporting
15. Local community: health and safety

 For detailed information regarding the 2016 materiality analysis we refer you to the materiality section published in the CSR Report 2016.

In 2018 we commissioned our partner Sustainalize to analyse parking policies in a number of our target cities. Surveys were conducted in 14 cities in 6 countries, the Netherlands, Belgium, Germany, UK, France and Denmark.

The results revealed that all cities studied want to invest in and promote public transport. Of the cities in our scope, 64% say they want to reduce city centre car traffic because there is considerable congestion.

Another commonly mentioned priority is to facilitate car sharing, with 78% mentioning this. However, none actually indicate how this is to be implemented.

Rotterdam stands out for its ambition to be a smart city and frontrunner regarding mobility innovations such as autonomous vehicles and dual utilisation of parking spaces, for example facilitating parking spaces for use by visitors to the city during weekdays and residents at weekends and in the evenings.

Only two cities, Antwerp and Amsterdam, mention using ANPR. However, as Rotterdam is keen to adopt smart technologies, we can expect ANPR to be tested and/or introduced there too.

Saarbrücken expressed the ambition to increase the visual attractiveness of parking facilities and even mentioned specific actions, in cooperation with Q-Park as the biggest parking operator in the city.

UK cities emphasise safety for all traffic participants whereas cities in other countries focus more on liveability and accessibility.

The table shows which cities have plans to adopt which measures. The table is sorted according to the most frequently mentioned measure with 'improve public transport' being mentioned by 13 of the 14 cities surveyed and introducing ANPR being mentioned by only 2.

Armed with the results of this desk research, we revisited our materiality analysis, redefined our CSR strategy and rationalised the number of targets we measure. These changes have enabled us to simplify the data collection and reporting process on our material goals and targets. In addition, we have now visualised our strategy, focus and results by means of the Q-Park Liveability Model.

Figure 9: Parking policies of target cities

	Amsterdam	Maastricht	Rotterdam	Antwerpen	Brüssel	Saarbrücken	Düsseldorf	Westminster	Manchester	Liverpool	Chambéry	Marseille	Toulon	Copenhagen
Improve public transport	✓	✓	✓	✓	✓	✓	✓	✗	✓	✓	✓	✓	✓	✓
Facilitate car sharing	✓	✗	✓	✓	✓	✓	✗	✓	✓	✗	✓	✓	✓	✓
Reduce car traffic	✓	✗	✓	✓	✓	✓	✗	✗	✓	✗	✗	✓	✓	✓
Promote public transport / alternative mobility	✓	✗	✓	✓	✓	✓	✗	✗	✓	✓	✗	✗	✓	✓
Facilitate e-mobility	✗	✓	✓	✗	✗	✓	✓	✓	✗	✓	✗	✗	✓	✓
Optimise car-park routing system / parking information	✓	✓	✓	✓	✗	✓	✓	✗	✓	✗	✗	✗	✗	✗
Increase P+R facilities	✓	✓	✗	✓	✗	✓	✗	✗	✓	✗	✗	✗	✓	✗
Create car-free / car-reduced zones	✓	✗	✓	✓	✗	✓	✗	✗	✗	✓	✗	✗	✓	✗
Enforce parking regulations	✓	✗	✗	✗	✗	✗	✓	✗	✗	✓	✗	✓	✗	✓
Make on-street parking more expensive	✗	✓	✓	✓	✗	✓	✗	✗	✗	✗	✗	✗	✗	✗
Enable double use of parking spaces	✓	✓	✓	✓	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗
Increase number of parking spaces	✓	✗	✗	✓	✗	✗	✗	✗	✗	✗	✓	✗	✗	✗
Introduce intelligent traffic systems	✗	✗	✓	✗	✗	✗	✗	✗	✓	✗	✗	✗	✗	✓
Make off-street parking cheaper	✗	✗	✓	✗	✗	✓	✗	✗	✗	✗	✗	✗	✗	✗
Enable online pre-booking (with lower prices)	✗	✓	✓	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗
Introduce ANPR	✓	✗	✗	✓	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗



REDEFINED CSR STRATEGY

CSR strategy objectives

In 2018 Q-Park redefined its CSR strategy together with its CSR partner Sustainalize. The objectives of this process were twofold:

- I to develop a strategic sustainability model; and
- I to simplify the data collection and reporting process for sustainability data.

The value that we create for our stakeholders can be directly traced back to our business model. Our financial results ensure that we can continue to create value for society in the long term by improving the accessibility and quality of life in urban areas. And with this, we are also making our contribution to realising UN Sustainable Development Goals, and to Goals 9 and 11 in particular.

The strategic sustainability model is based on the Q-Park value creation model which was first drawn up in 2015. It is designed to give us a better understanding of our impact on society and the value we create for all our stakeholders.

Updated materiality analysis

Based on the impact we have on society and on our stakeholders, at the start of 2018 we examined whether we are still doing the right things in the right way from an intrinsic perspective. Through desk research we have now updated the materiality analysis implemented and themes identified in 2016.

- I Based on market analysis, we have identified current trends and developments.
- I By analysing the policies of different cities in which Q-Park operates, we have identified the interests of our key stakeholders (municipalities, residents, society, public landlords) and included these in the strategic sustainability model to close the gaps between market requirements and various global benchmarks.
- I We have translated an overview of the material themes important to Q-Park into the model: the Q-Park Liveability Model.

Q-Park Liveability Model

The Q-Park Liveability Model is the overarching strategic model for Q-Park's CSR activities, through which we can steer our business activities to create value for our stakeholders and society. We consider improving the liveability and sustainability of cities through our activities to be part of our purpose.

We have developed a visual to communicate our CSR strategy in a clear and simple manner. It has three layers:

1. **Values:** The inner layer is the strategic layer with the four core values. All values are equal and provide a balanced and integrated 360° view on our business impacts.
2. **CSFs:** The second layer is the tactical layer and shows the critical success factors (CSFs) in which Q-Park must excel.
3. **KPIs:** The third layer is the operational layer for which we have defined key performance indicators (KPIs). Where this layer is missing, there will be qualitative reporting on the CSF.

Improving reporting processes and data quality

In addition to reassessing our strategy we have also endeavoured to simplify the reporting process and make this more efficient. Based on the new strategic model we have re-evaluated our KPIs and targets. As a result, we will not report on some of the existing indicators and we have drawn up new indicators that better reflect our core activities.

The data collection process is more efficient as much of the needed information can be retrieved directly from our back-office systems. This is also a major efficiency gain for our CSR reporting.

Four quadrants

The model is based on four value quadrants;

- I Value creation
- I Value capturing
- I Value sharing
- I Value retention

Q-Park Liveability Model

In the following sections we report on our performance and explain how we create value per critical success factor (CSF) and key performance indicator (KPI) in each quadrant. We also show our results for a KPI where we have the data available.

The sunburst chart is interactive. To read about a particular CSF or KPI and see our results, click a segment in the Liveability Model to jump directly to that part of the report. This feature is only available in the online version.



RISK MANAGEMENT

A business must take risks to create value. Having a risk management policy allows a company to take risks in a managed and controlled manner. Within Q-Park strategic, operational, financial, and reputational risks are made controllable by carefully weighing risks and returns against each other. Effective risk management is integrated into its daily operations.

Q-Park deploys a top-down risk management policy in which strategic risk management is executed at corporate level. Responsibility for operational risk management lies primarily with local management of the countries in which the Group operates. The Executive Board however bears ultimate responsibility for managing the risks the company faces.

Risk management and internal control

Ongoing identification and assessment of risks is part of our governance and periodic business review. Our Enterprise Risk Management (ERM) policy is designed to provide management with an understanding of the key business risks the company faces. It also provides methods and processes to manage the risks that might hamper the business achieving key objectives and to initiate actions required to mitigate these risks.

As part of the ERM framework a separate compliance function was introduced in 2018 in order to develop and implement a Q-Park Compliance Programme. In 2018 this compliance programme was communicated to local management within the Group. The risk management mechanism ensures:

- I Top-down awareness of the importance to manage compliance areas;
- I A structured follow up of compliance action plans.

The focus areas identified for 2018 (and continuing in 2019) include information security, ethics & integrity, GDPR and PCI-DSS.

The Executive Board and key management periodically review the risks and the related mitigation controls and procedures from the ERM process. Furthermore,

they provide complementary insights into existing and emerging risks that are subsequently included in the policy. The ERM policy influences the formation of controls and procedures, and the focus of business planning and performance process.

Risk appetite

Factors which determine the risk appetite include the international spread of the business, the robustness of the balance sheet, long-term duration of contracts, strength of cash flows and a commitment to conservative financial management. Our risk appetite varies per objective and risk category:

- I **Strategic:** Taking strategic risks is an inherent part of how we do business. In pursuing growth as a strategic ambition, we are prepared to take risks in a responsible way, taking account of our stakeholders' interests.
- I **Operational:** Depending on the type of operational risk, we take a cautious to averse approach. We give the highest priority to ensuring the safety of our employees and customers, to delivering the highest level of service, and to protecting the company's reputation.
- I **Financial:** We pursue a conservative financial strategy, including a balanced combination of self-insurance and commercial insurance coverage.
- I **Compliance:** We are averse to the risk of non-compliance with relevant laws or regulations, or non-compliance with our own codes, contractual agreements, and covenants.
- I **Fraudulent and unethical behaviour:** We are committed to act with honesty, integrity, and respect. We are fully averse to risks relating to fraudulent behaviour and apply a zero-tolerance policy.

Main risks

The following risk overview highlights the main risks which might prevent us in achieving our strategic, operational, and financial objectives. The risks described are not an exhaustive list of the risks. There may be additional risks which do not constitute a direct threat in the short-term, or risks which management deems immaterial or otherwise common to most companies, but which could at some time have a material adverse effect on our financial position, results, operations, or liquidity.

Strategic

Risk description	Risk management measures
Regulatory changes to inner-city parking National or local governments could implement measures which are potentially unfavourable to the parking sector; for instance, as a result of pressure from public opinion, pressure groups, or election results. For example, the debate on banning traffic within city boundaries could adversely affect inner-city parking, resulting in lower revenue, and diminished profitability.	<ul style="list-style-type: none"> Cooperate with governments, NGOs, and businesses. Ensure geographic diversification of Q-Park's portfolio in the different countries and a further spread across multiple indirect markets. Invest extensively in online platforms and value-added services to become a proactive business partner for local authorities.
Economic environment Factors that potentially influence parking prices include pressure from the general public and retailers, political changes, or a long-term fall in GDP. Lower parking prices would significantly impact Q-Park's profitability and cash flows.	<ul style="list-style-type: none"> Cooperate with governments, NGOs, and other businesses. Highlight the relevance of regulated and paid parking to society. Use calculation models to set different parking tariff schemes. Simulate the effects of changing these schemes to align prices with the local circumstances and market situation. Strengthen the commercial, customer, and market intelligence organisation.
Competitive environment and economic conditions The parking market is characterised by intense competition between existing players. Competition from new technologies is also disrupting the current parking market, resulting in an increased focus on ICT developments.	<ul style="list-style-type: none"> Invest extensively in online platforms and PMSs to prepare the organisation for more efficient access and payment solutions. Closely monitor developments in payment services and by parking service providers. Ensure geographic diversification of Q-Park's portfolio and a further spread across multiple indirect markets.
Dependency on other businesses and local developments A car parking service is an indirect service which depends on external factors (e.g. offices, shopping centres, leisure amenities). New consumer behaviour (e.g. online shopping, working from home) or changes in the popularity of certain stores or locations pose a risk of a significant decrease in parking demand and, hence, a decrease in Q-Park's business and revenue.	<ul style="list-style-type: none"> Ensure geographic diversification of Q-Park's portfolio and a further spread across multiple indirect markets. Manage portfolio with focus on large multifunctional inner-city locations.

Operational

Risk description	Risk management measures
Safety and liability	
The safety of our customers and employees is our top priority. If an employee or a customer sustains injury while at work or while visiting one of the Q-Park parking facilities, this could impact our reputation.	<ul style="list-style-type: none"> Adhere to health and safety procedures relating to employees and customers. Invest in maintenance to ensure clean and safe parking facilities with proper instructions for visitors. Training and development to focus on personal safety and safety measures in and around our parking facilities.
Dependency risks, interruptions, and business continuity	
Continuity of the company and its business is crucial. Continuity depends on a number of factors, including suppliers. We are particularly vulnerable regarding PMSs, ICT, and infrastructure.	<ul style="list-style-type: none"> Use different systems from independent suppliers where operational efficiency remains the primary objective. Conduct preventive maintenance and make targeted investments. Connect the QCR to parking facilities to assist in the event of business interruptions. Operate 24-hour service desk.
Staffing and retention	
Good, experienced, and knowledgeable people are the foundation of our company and its success. The company must ensure that it is able to employ and retain the right people.	<ul style="list-style-type: none"> Maintain a system for performance measurement and annual reviews. Ensure effective employer branding and communication to the labour market. Develop training and development opportunities for employees.
Ethics and integrity	
Ethics and integrity are important conditions for confidence in the company. Behaviour deemed to be unethical could lead to loss of revenue and reputation.	<ul style="list-style-type: none"> Maintain a code of ethics and whistle-blower policy. Ensure Executive Board and management demonstrate 'tone at the top'. Apply a zero-tolerance strategy. Encourage non-cash payments and hire external parties for cash collection.

Financial

Risk description	Risk management measures
Valuation of fixed assets and goodwill <p>The company owns a considerable amount of property and goodwill. If the economic climate deteriorates and potential impairments are not identified, determined, or communicated in a timely fashion, the company could incur reputational damage.</p>	<p>Evaluate the existence of impairment indicators on an annual basis.</p> <p>Monitor performance against business plans to identify risk areas and act timely.</p> <p>Employ an independent valuation expert to conduct periodic valuations when necessary.</p>
Financing <p>Given that the nature of the business is capital-intensive, access to external financing is crucial for continuity. A liquidity risk could arise if external financing is not available to the company when refinancing is required.</p>	<p>Adopt a financing policy.</p> <p>Strict monitoring of covenants.</p> <p>Consult regularly with external debt providers to discuss the ongoing business, results, and strategy.</p>
Interest rate risks <p>The external debts are subject to variable interest rates, thereby exposing the company to fluctuations in interest rates. A significant increase in variable interest rates would have a negative impact on results.</p>	<p>Seek a mix of fixed and variable interest rates for financing operations, combined with the use of interest rate instruments.</p> <p>Adopt an interest rate policy in which part of the bank debt is covered by interest rate derivatives (interest rate swaps and interest caps).</p>
Currency risk <p>The company's functional currency is the euro. Given that the company also operates in countries with a different functional currency, we are exposed to fluctuations in those currencies.</p>	<p>Monitor and report periodically on currency risk exposure.</p> <p>Optimise currency risk through natural hedges (external debt in foreign currency equal to the exposure).</p>

Compliance and reporting

Risk description	Risk management measures
Financial statement does not give a true and fair view If misstatements are made such that the financial statements do not give a true and fair view of the company's financial position, financial performance, and cash flows, users of the financial statements would be incorrectly informed.	Maintain common accounting policies, reporting processes, and standard chart of accounts. Monitor critical access and segregation of duties and perform compensating controls if necessary. Actively involve all stakeholders.
ICT and information security Given the increasing use of mobile communication and the professionalism of cybercriminals, the company must focus constantly on continuity of ICT systems and on ensuring the security of crucial information and sensitive customer data (e.g. payment card details, passwords). The theft of crucial or sensitive data could result in reputation damage, information leakage to competitors, as well as claims against the company.	Focus area of the introduced compliance programme with the aim to further improve compliance with standards (e.g. PCI DSS, GDPR). Invest in ICT platform and the set-up of a related security policy to secure confidentiality and integrity of data, including continuity measures in conjunction with outsourcing partners. Further centralisation of ICT systems allowing central enforcement of security measures.
Non-compliance with European and national laws Changes in the legal and regulatory environment tend to increase the risk of non-compliance with local, national, and international laws and regulations, as well as tax legislation. Failure to comply with applicable regulations could lead to fines, claims, and reputational damage.	Introduction of a compliance function and related compliance program. Establish corporate functions to monitor local risks and challenges from a Group perspective (e.g. compliance, tax, finance, and legal). Involve external specialists where necessary.