

CSR REPORT 2018



**We
Develop
Quality**

**We are passionate
about space for people!**

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

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.

Q-Park Liveability Model

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.