

## 6.2. Report of the Chairman of the Supervisory Board

On the arrangements for planning and organising the work of the SB and on the Group's internal control procedures for the financial year ending December 31, 2016 (Article L. 225-68 of the French Commercial Code).

This report was prepared in close cooperation with Unibail-Rodamco SE's MB, the Group General Counsel and the Group Director of Internal Audit and Risk Management. In addition, it was discussed with the Group's Statutory Auditors. On March 7, 2017, the SB approved this report pursuant to Article L. 225-68 of the French Commercial Code.

### 6.2.1. The Supervisory Board

#### 6.2.1.1. Functioning of the Supervisory Board

##### 6.2.1.1.1. Purpose and Powers

The SB exerts permanent oversight and control over the MB and the general affairs of the Company. To that end, the SB conducts appropriate inspections and reviews and may obtain copies of any document to fulfil its duties. The SB functions under the Company's Articles of Association and an SB specific Charter<sup>(1)</sup>. It makes recommendations to the MB on matters including:

- ◆ Company strategy and financial performance;
- ◆ business risks;
- ◆ structure and administration of internal risk management and control systems;
- ◆ financial reporting procedures and compliance with relevant laws and regulations.

In addition, the SB makes decisions concerning the Company's corporate governance and its implementation. It assesses the functioning of the MB, the SB (including its committees) and their individual members. It handles and settles any conflicts of interest and any discrepancies with respect to the functioning of the SB and/or MB.

#### 6.2.1.1.2. Limitations on the Powers of the Management Board and the Scope of the Supervisory Board

Pursuant to Article 11.5 of the Company's Articles of Association and the thresholds set out in the SB Charter, the SB's prior approval must be obtained for certain MB decisions and operations, in particular:

- ◆ acquisitions, investments (including capital expenditures for internal development), acquisitions of shareholdings and off-balance sheet commitments exceeding €25 Mn (consolidated figure) concerning assets and/or activities located outside European Union Member States or outside the scope of the approved Group strategy. The threshold is raised to €500 Mn (consolidated figure) for assets and/or activities located within European Union Member States and within the scope of the Group's strategy. This threshold is raised again to €700 Mn (consolidated figure) for urgent operations and decisions; subject to prior dialogue between the CEO, the Chairman and the Vice-Chairman of the SB;
- ◆ asset disposals (including transfers of real estate or shareholdings) in real estate exceeding €500 Mn (consolidated figure). This threshold is raised to €700 Mn (consolidated figure) for urgent operations and decisions; subject to prior dialogue between the CEO, the Chairman and the Vice-Chairman of the SB;
- ◆ indebtedness or guarantees in excess of €500 Mn (consolidated figure), threshold raised to €1 Bn for corporate debt refinancing purposes;
- ◆ transfers of all or part of the Company's business to third parties in excess of €500 Mn (consolidated figure);
- ◆ any significant changes in the Group's governance and/or organisation, allocation of responsibilities within the MB and any action affecting the Company's entitlement to the tax regime applicable to Listed Property Investment Company (SIIIC) tax treatment or any other real estate tax-exempt status in a foreign country;
- ◆ any alterations to the Company's dividend policy and proposals by the MB in the distribution of interim or full dividends.

The SB must also, pursuant to its Charter, be informed of transactions involving amounts in excess of €300 Mn but below €500 Mn. The thresholds were last amended by the SB on February 9, 2011. For full details and information, refer to the SB Charter<sup>(1)</sup>.

(1) Available on the Company's website and at the Company's registered office.

### 6.2.1.1.3. Composition

Pursuant to the Articles of Association, the SB can consist of eight (minimum) to fourteen (maximum) members, who are appointed by the Company's shareholders. SB Members are appointed for a three year term and may be re-appointed. Under the SB's resignation and rotation rules, the resignation and reappointment of members is staggered to prevent, to the greatest extent possible, appointments/resignations occurring simultaneously. The age limit for SB Members is 75 and at all times at least two-thirds of its members must be 70 or younger. It is noted that the Company does not fall under the scope of Article 225-79-2 of the French Commercial Code providing for employee representation on SBs.

Each year, the GNRC and the SB review the SB profile which reflects the desired composition of the SB to best carry out its responsibilities and duties. The profile outlines the objectives to be met in establishing and maintaining an independent board reflecting diversity in its membership in terms of gender, age and nationality, with the required skill, expertise and experience.

As at December 31, 2016, the SB was composed of nine members<sup>(1)</sup>. The current composition of the SB reflects a diversity of experience, expertise and background and a strong commitment to the independence (100% independent) of its members and to the Group's

European profile. Four out of nine members are women, the average age of members is 57.8 years and four nationalities are represented. The varied skills and expertise of members are summarised in the detailed biographies provided on pages 271 to 272.

### 6.2.1.1.4. Succession Planning

The SB succession planning is discussed annually and on an ongoing basis. It encompasses the preparation of an individual profile for each potential vacancy by the GNRC in consultation with the SB and dialogue with the MB. Such profile reflects both the requirements outlined in the SB profile (Annex A of the SB Charter) as well as any specific additional criteria in light of the Group's strategy and corporate governance principles. Each profile is subject to the approval of the SB. A short list of possible candidates is then determined by the SB Chairman together with a small committee of GNRC Members and in consultation with the CEO and the CRO. Candidate interviews are conducted with the SB Chairman, at least two members of the GNRC, the CEO and the CRO and other SB Members. This process is led by the SB Vice-Chairman where succession of the SB Chairman is concerned. Selected candidates are then presented to the SB for approval prior to being proposed to shareholders for appointment at the Annual General Meeting (AGM).

## SUPERVISORY BOARD MEMBERS<sup>(1)</sup> AS AT DECEMBER 31, 2016

Name	Committee	Age	Gender	Nationality	Independence	SB Attendance Rate/Number of Meetings	Committee Attendance Rate/Number of Meetings	Date of first mandate	Term Expires at AGM
<b>Mr Rob ter Haar</b> SB & GNRC Chairman	GNRC	66	M	Dutch	Independent	7/7	6/6	2007	2017 <sup>(2)</sup>
<b>Mr Jean-Louis Laurens</b> SB Vice-Chairman & AC Chairman	AC	62	M	French	Independent	7/7	4/4	2007	2018
<b>Ms Mary Harris</b>	GNRC	50	F	British	Independent	6/7	6/6	2008	2018
<b>Ms Dagmar Kollmann</b>	GNRC	52	F	Austrian	Independent	7/7	6/6	2014	2017
<b>Mr Yves Lyon-Caen</b>	GNRC	66	M	French	Independent	4/7 <sup>(3)</sup>	3/6 <sup>(3)</sup>	2007	2017 <sup>(2)</sup>
<b>Mr Alec Pelmore</b>	AC	63	M	British	Independent	7/7	4/4	2008	2018
<b>Ms Sophie Stabile</b>	AC	46	F	French	Independent	6/7	4/4	2015	2018
<b>Mr Jacques Stern</b>	AC	52	M	French	Independent	4/5	NA <sup>(4)</sup>	2016	2019
<b>Ms Jacqueline Tammenoms Bakker</b>	GNRC	63	F	Dutch	Independent	6/7	5/6	2015	2018

(1) For detailed biographies see pages 271 and 272.

(2) No re-appointment sought due to the successive mandates in line with Afep-Medef Code recommendations.

(3) Exceptional absences due to personal reasons, explained ahead of time directly with the SB Chairman.

(4) Joined the AC as of February 1, 2017.

(1) At the April 21, 2016 AGM, Jacques Stern was appointed for the first time for a three-year term.

### 6.2.1.1.5. Independence and Conflicts of Interest

Every year an in-depth independence analysis is conducted for each SB Member by the GNRC and by the SB pursuant to the criteria defined in the French Afep-Medef corporate governance code and incorporated into the SB Charter<sup>(1)</sup>. Where any kind of relationship is determined to exist, a further quantitative and qualitative analysis is conducted on a case-by-case basis to understand the significance of the relationship in order to analyse the independence of that particular member.

As a result of the foregoing analysis, as at December 31, 2016 all members qualify as independent.

#### AFEP-MEDEF CODE INDEPENDENCE CRITERIA (ADDITIONAL SB CHARTER CRITERIA IN BLUE)

**Criterion 1:** Not an employee or executive officer of the Company, nor an employee or executive officer of its parent or of one of its consolidated subsidiaries, and has not been one during the previous 5 years.

**Criterion 2:** Not an executive officer of a company in which the Company holds a directorship, directly or indirectly, or in which an employee appointed as such or a current or former (during the previous five years) executive officer of the Company is a director.

**Criterion 3:** Not (nor linked directly or indirectly to) a customer, supplier, investment banker or commercial banker: that is material to the Company or its group; or for which the Company or its group represents a significant part of the entity's activity. Materiality Analysis: examine for both entities when possible, the financial relationship, the continuity in duration and intensity of the relationship and the position of the SB Member in the company.

**Criterion 4:** Not related by close family ties to an executive officer.

**Criterion 5:** Not an auditor of the company within the previous 5 years.

**Criterion 6:** Not a director of the Company for more than 12 years as at December 31, 2016.

**Criterion 7:** Not received personal financial compensation, including any compensation related to the performance of the Company (no STI nor LTI), from the Company other than the compensation received for the work performed as an SB Member.

**Criterion 8:** Not an MB Member of a company, of which an MB Member (that he/she supervises) is an SB Member (cross ties).

**Criterion 9:** Has not temporarily managed the Company during the preceding 12 months while MB Members were absent or unable to fulfil their duties.

**Criterion 10:** Not represent major shareholder of the Company (>10%).

SB Members as at 31/12/2016	Criterion 1	Criterion 2	Criterion 3	Criterion 4	Criterion 5	Criterion 6	Criterion 7	Criterion 8	Criterion 9	Criterion 10	Analysis
Mr Rob ter Haar	✓	✓	✓	✓	✓	✓ 9.5 years (first app. 2007)	✓	✓	✓	✓	Independent
Ms Mary Harris	✓	✓	✓	✓	✓	✓ 8.5 years (first app. 2008)	✓	✓	✓	✓	Independent
Ms Dagmar Kollmann	✓	✓	✓ (see analysis)	✓	✓	✓ 2.5 years (first app. 2014)	✓	✓	✓	✓	Independent
Mr Jean-Louis Laurens	✓	✓	✓	✓	✓	✓ 9.5 years (first app. 2007)	✓	✓	✓	✓	Independent
Mr Yves Lyon-Caen	✓	✓	✓	✓	✓	✓ 9.5 years (first app. 2007)	✓	✓	✓	✓	Independent
Mr Alec Pelmore	✓	✓	✓	✓	✓	✓ 8.5 years (first app. 2008)	✓	✓	✓	✓	Independent
Ms Sophie Stabile	✓	✓	✓ (see analysis)	✓	✓	✓ 1.5 years (first app. 2015)	✓	✓	✓	✓	Independent
Mr Jacques Stern	✓	✓	✓ (see analysis)	✓	✓	✓ 0.5 year (first app. 2016)	✓	✓	✓	✓	Independent
Ms Jacqueline Tammenoms Bakker	✓	✓	✓	✓	✓	✓ 1.5 years (first app. 2015)	✓	✓	✓	✓	Independent

(1) See Article 3.4 of the Supervisory Board Charter, available on the Company's website and at the Company's registered office.

Further quantitative and qualitative analysis was carried out by the GNRC and then by the full SB with respect to the assessment of the independence of Mr Rob ter Haar, given his role as SB Chairman, and of Ms Dagmar Kollmann, Ms Sophie Stabile and Mr Jacques Stern given their relationships with the Group during 2016 which are separate to their role as SB Members.

**Mr Rob ter Haar:** The Afep-Medef Code makes no presumption related to the independence of an SB Chairman. Nonetheless, the French Financial Market Authority, *Autorité des Marchés Financiers* (AMF) recommends that the independence of an SB Chairman be justified in detail. In a dual corporate governance structure in which the SB's role is to only exert oversight and control over the actions of the MB, and governed by a principle of non-interference in the executive duties of the MB, the risks of a conflict of interest are mitigated. In any case, a specific quantitative and qualitative independence analysis has been conducted for Mr Rob ter Haar, SB Chairman. Notably, as demonstrated by the chart above, other than as member and SB Chairman and GNRC, he has no, nor has he previously had any relationship of any kind with the Company, its Group or the management of either. Other than the fees received for the work performed as an SB Member, he has not received personal financial compensation, including any compensation in the form of shares nor any compensation related to the performance of the Company (no STI nor LTI), from Unibail-Rodamco. In addition, as an SB Chairman in a two-tier structure, Mr ter Haar has no executive function and is not involved in the day-to-day operations nor the operational decisions of the Company. **Accordingly, Mr ter Haar is determined to be independent.**

**Ms Dagmar Kollmann's** independence was further analysed given her other Non-Executive mandate as SB Member of Deutsche Telekom. The following criteria were assessed for Deutsche Telekom AG:

- ◆ the legal entity signing lease contracts;
- ◆ the percentage represented at group level:
  - ◆ out of all stores,
  - ◆ of GLA, and
  - ◆ of minimum guaranteed rent for the Group's consolidated portfolio in 2016; and
- ◆ the date a business relationship was first established at Group level.

Notably, she is a Non-Executive SB Member at each company; she is not and has never been an employee nor executive director of the companies; as a Non-Executive, she is not implicated in the day-to-day operations nor the operational decisions of the companies; the lease contracts between Deutsche Telekom and the Company are entered into between subsidiaries of each group and not at the group level; the contracts between the companies are routine agreements and entered into on an arm's length basis;

the rents paid to Unibail-Rodamco are marginal compared to Deutsche Telekom's groupwide lease expenses or total turnover; discussions on specific lease terms and negotiations never rise to the companies' SB level, therefore, she does not participate in negotiations nor have an impact on any negotiations between the entities; and other than the fees received for the work performed as an SB Member, she has not received personal financial compensation, including any compensation in the form of shares nor any compensation related to the performance of the companies (no STI nor LTI), from Unibail-Rodamco. **Accordingly, Ms Kollmann is determined to be independent.**

**Ms Sophie Stabile's** independence was further analysed given her other functions in the Accor Group as Executive Committee Member of AccorHotels and CEO of HotelServices France and Switzerland and as a Non-Executive Board member of Spie.

With respect to the Accor Group, the following criteria were assessed:

- ◆ percentage of GLA and NRI the Accor hotels represent for the Group's consolidated portfolio in 2016; and
- ◆ type of business relationship and the date a business relationship was first established.

With respect to Spie, the following criteria were assessed:

- ◆ type of business relationship;
- ◆ total euro amount paid for services in 2016; and
- ◆ date a business relationship was first established, the overall duration and the continuity of same.

Notably, as a Non-Executive SB Member of the Company and of Spie, she is not implicated in the day-to-day operations nor the operational decisions of the Company nor of Spie; the contract fees paid to Unibail-Rodamco and the revenue from the two hotels is marginal compared to Accor's groupwide expenses or total turnover; the service fees paid to Spie are marginal compared to Spie's groupwide total turnover; the hotel management contracts (Accor) and service contracts (Spie) are granted after a tender, are routine agreements for the companies and entered into on an arm's length basis; discussions on specific management contract terms (Accor) or service contract terms (Spie) and negotiations never rise to the SB level nor to the Board level for Spie, therefore, from the Company's perspective she does not participate in negotiations nor have an impact on any negotiations with respect to the Company; and other than the fees received for the work performed as an SB Member and as a Board member of Spie, she has not received personal financial compensation, including any compensation in the form of shares nor any compensation related to the performance of the Company nor of Spie (no STI nor LTI), from Unibail-Rodamco nor from Spie. **Accordingly, Ms Stabile is determined to be independent.**

Mr Jacques Stern independence was further analysed given his other mandate as President and CEO of Global Blue.

The following criteria were assessed:

- ◆ the legal entity signing contracts;
- ◆ the number of centres represented in the consolidated Group portfolio in 2016;
- ◆ the euro amount of fees received in 2016;
- ◆ the significance of Global Blue in comparison to other tax free companies used by Unibail-Rodamco; and
- ◆ date a business relationship was first established, the overall duration and the continuity of same.

Notably, as a Non-Executive SB Member of the Company, he is not implicated in the day-to-day operations nor the operational decisions of the Company; the service contracts are granted after a tender, are routine agreements for the companies and entered into on an arm's length basis; the service contracts between Global Blue and the Company are entered into between subsidiaries of each group and not at the group level; the business relationship between Global Blue and Unibail-Rodamco has been limited in duration; the service fees paid to Unibail-Rodamco are marginal compared to Global Blue's groupwide service fees expenses or total turnover; discussions on specific service contract terms and negotiations never rise to the SB level, therefore, from the Company's perspective he does not participate in negotiations nor have an impact on any negotiations with respect to the Company; and other than the compensation received for the work performed as an SB Member, he has not received personal financial compensation, including any compensation in the form of shares nor any compensation related to the performance of the Company (no STI nor LTI), from Unibail-Rodamco. **Accordingly, Mr Stern is determined to be independent.**

In order to ensure that each SB Member acts with loyalty, independence and professionalism and in accordance with the SB Charter<sup>(1)</sup>, each SB Member must immediately report any potential conflicts of interest with the Company to the SB Chairman and to the other SB Members providing all information relevant to the conflict of interest. Such conflicted member must abstain from discussions and the decision-taking process on the subject or transaction to which he/she has a conflict of interest.

Additionally, SB Members must seek prior SB approval before accepting a new directorship in order for the SB to conduct, among other things, a conflict of interest and independence analysis. For more details regarding conflicts of interest, in particular the Group's Code of Ethics, see the Group Compliance Programme section on pages 362 to 365.

### 6.2.1.1.6. Meetings, Attendance and Information

Pursuant to its Charter, the SB meets at least five times a year according to a pre-set schedule. Extraordinary meetings may be held for specific reasons at the written request of the SB Chairman, or one-third of the SB Members, or any MB Member. To encourage attendance at SB and committee meetings, attendance of members is taken into consideration for the payment of the variable portion of the annual SB Member fee which accounts for 60%<sup>(2)</sup> of the total member and committee fee. For details on member attendance see page 280. The Statutory Auditors attend the year-end and half-year meetings of the SB where the financial statements for those periods are reviewed.

The meeting documents are sent at least three days prior to SB meetings (except in unusual circumstances). This includes a detailed agenda and comprehensive papers enabling the SB Members to prepare for the discussion or, if necessary, the approval of the matters on the agenda. Whenever appropriate, SB Members are sent materials prepared by the Company's advisors and/or risk managers. To ensure that SB Members are fully informed of developments in the respective industry segments and of events taking place within the Group, strategic matters, operations, digital, talent and sustainability are regularly discussed during SB meetings. SB Members also receive press reviews and financial reports on Unibail-Rodamco SE and on industry matters.

Once a year, the SB and MB take the opportunity to visit a country where the Group is present to discuss strategic matters and market developments in-depth and to interact directly with the local management team. In 2016, the SB and MB took the opportunity to visit the Nordic region. They spent time at the Stockholm office, visited two major assets and that of a competitor and discussed in detail Group's strategy and market developments. The SB and MB also held separate strategy meetings during this visit whereby the Group's strategic objectives, challenges and opportunities as well as the Group's growth strategy and its digital and IT strategy were discussed.

An annual training day is held for the SB Members which typically includes a Group asset visit. In 2016, the event focused on Innovation. The SB Members visited the Player, a start-up incubator in Paris, as well as Forum des Halles inaugurated just a few months before. Furthermore, each new member of the SB participates in an induction program individually tailored to that particular member's skill set, experience and expertise. The induction program provides the new member with information unique to the Group and its business activities, its financial reports and legal affairs as well as site visits to particular assets.

(1) See Article 11 of the Supervisory Board Charter, available on the Company's website and at the Company's registered office.

(2) Increased to 67% as from January 2017.

### 6.2.1.1.7. Summary of Supervisory Board Activities

The SB held seven meetings in 2016 (including its annual strategy retreat meeting and one *ad hoc* meeting). Overall average attendance at these meetings was 85%. Since 2013, the SB begins or ends its meetings at least twice a year in the absence of the MB (*i.e.* "non-executive sessions"). In 2016, the SB had three "non-

executive sessions". Additionally, the SB had its annual informal dinner in the absence of the MB. The SB may conduct a 'non-executive session' at any time it deems necessary. In addition to the matters within its statutory scope, the SB was briefed on and discussed all major events in 2016, both internal (*e.g.* organisation matters, key appointments within the Group, internal audits, etc.) and external (*e.g.* acquisitions, disposals, developments in the Group's strategy, development projects, financial policy, etc.).

Principal responsibilities of the Supervisory Board	Key areas discussed, reviewed or approved in 2016
<b>Company Strategy</b>	<ul style="list-style-type: none"> <li>Investment, development and divestment projects and operations in 2016</li> <li>Regular updates: on share price and business activities (operations, finance, human resources, sustainability, development projects)</li> <li>Updates on Digital and IT strategy, tools and projects</li> <li>Adoption of the new CSR agenda – "Better Places 2030" strategy</li> </ul>
<b>Financial Performance and Reporting</b>	<ul style="list-style-type: none"> <li>Approval of quarterly financial statements and consolidated accounts</li> <li>Approval of 2016 budget</li> <li>Group's five-year business plan, financial resources and borrowing requirements</li> </ul>
<b>Internal risk management and control systems</b>	<ul style="list-style-type: none"> <li>2016 internal audit plan</li> <li>Internal audit, risk management and compliance matters</li> <li>2016 focus on risk management (external risk management review and assessment by KPMG)</li> <li>Formalisation of a Risk Management Policy</li> </ul>
<b>Compliance with relevant laws and regulations</b>	<ul style="list-style-type: none"> <li>Annual Group Compliance program</li> <li>Annual review of the independence of SB Members</li> <li>Confirm absence of related party agreements</li> <li>Regular tax updates including changes at OECD level</li> <li>Regular updates on regulatory/legal changes including regarding Statutory Auditors</li> </ul>
<b>Succession Planning</b>	<ul style="list-style-type: none"> <li>Succession planning throughout the year of the SB, MB and the Group Management Team</li> <li>Annual review of the SB and Committee profile and composition</li> <li>Appointment of SB Members: Mr Jacques Stern</li> </ul>
<b>Company Remuneration Policy and Performance Assessments</b>	<ul style="list-style-type: none"> <li>Remuneration of the MB Members (including FI, level of attainment of annual STI targets and LTI targets)</li> <li>Extensive review and restructuring of the LTI plan</li> <li>Revision of the SB Member fees applicable in 2017</li> <li>Formal evaluation of the functioning and efficiency of the SB (annual self-assessment process) and of the MB</li> <li>2016 Company Savings Plan</li> </ul>
<b>Human Resources</b>	<ul style="list-style-type: none"> <li>Talent Management</li> <li>Annual review of equal opportunity – international and gender diversity</li> <li>Review of the Engagement Survey results and action plan</li> </ul>
<b>Shareholder Outreach and Engagement</b>	<ul style="list-style-type: none"> <li>AGM materials (agenda, resolutions, etc.) and SB Chairman's report</li> <li>Dividend distribution payment policy and annual allocation and distribution of profits</li> <li>Updates on shareholder composition, discussions with shareholders and shareholder expectations</li> </ul>

SB Members were also informed of the work and recommendations of its specialised committees and that of the Statutory Auditors. The minutes and documents of all the meetings of the AC and the GNRC were systematically made available to all SB Members through the SB's electronic platform.

### 6.2.1.1.8. Annual Management Board and Group Management Team Succession Planning

Talent management and development is key to the long-term competitiveness and growth of the Company. Every year, the GNRC spends significant time discussing the MB and Group Management Team's succession plan. The CEO, together with the CRO, presents the critical leadership roles succession in detail. Diversity in terms of gender and nationality are also key points of discussion for the succession pipeline in order to ensure that the best talents are identified and developed. This work is then discussed in the GNRC feedback to the SB.



### 6.2.1.1.9. Annual Supervisory Board Self-Assessment

The annual self-assessment exercise was performed by the full SB in accordance with the provisions of the Afep-Medef Code by way of a written questionnaire and discussion thereafter. The evaluation of the SB consisted of a detailed questionnaire which was completed on a confidential basis and had the purpose of providing insight into each member's assessment of the performance of the SB, its Committees and its members, of the SB Chairman, the GNRC Chairman and the AC Chairman as well as on the overall functioning of the SB. In addition to this, a discussion on the functioning of the SB was also carried out which was structured around several key points. The AC and the GNRC performed their own separate self-assessment exercises in the form of a discussion based on the written questionnaire. MB Members were not present and did not participate in these

assessments. This type of self-assessment is carried out annually with a more in-depth and detailed formal self-assessment carried out every three years. The conclusion of the three assessments was that the current corporate governance structure and arrangements are functioning well and that there is a good level of overall participation and contribution of each member. Several improvements based on the previous year's self-assessment were noted, in particular, the additional time dedicated to meetings in general and to particular topics of importance.

Furthermore, the following areas of improvement were identified with continuous efforts in 2017 to:

- ◆ have focused reports on the specific risk topics identified by the AC in 2017;
- ◆ spend additional time on strategy and risk management;
- ◆ keeping the SB informed of market trends in IT, digital and consumer behavior.

### 6.2.1.1.10. Supervisory Board Remuneration

#### 2016 Fees Rules

The AGM Envelope since 2007 is €875,000. The fee paid to the SB Chairman is paid separately and in addition to the general envelope fixed by the General Meeting for the other SB Members.

	Variable Fee (based on attendance)	Fixed Fee	Total
SB Chairman Fee	NA	€150,000	€150,000
SB Vice-Chairman Fee	NA	€10,000	€10,000
SB Member Fee	€31,200 (60%)	€20,800 (40%)	€52,000
Additional Committee Chairman Fee	NA	€10,000	€10,000
Additional Committee Member Fee	€6,000 (60%)	€4,000 (40%)	€10,000

For details and discussion on the SB Remuneration policy please see pages 293 to 294.

### 6.2.1.2. Functioning of the Specialised Committees of the Supervisory Board

Two specialised committees assist the SB: (1) the AC and (2) the GNRC. All SB Members participate in one of these committees. The committees function under separate Charters<sup>(1)</sup>.

#### 6.2.1.2.1. Audit Committee

##### Tasks

The AC's main role is to oversee financial matters, internal control and risk management. In this context and in accordance with its Charter<sup>(1)</sup>, the AC examines and reports to the SB on the following matters:

- ◆ Consolidated accounts and quarterly financial statements;
- ◆ business information, asset valuations, off-balance sheet commitments and the Group's overall cash position;

- ◆ internal management controls, internal audit, risk control and the implementation of Company-relevant financial legislation;
- ◆ the Company's financial policy (accounting methods and developments in legislation, etc.), finance and tax planning;
- ◆ the evaluation and/or adoption of the Statutory Auditors' recommendations;
- ◆ the relationship between the Company and its Statutory Auditors.

##### Composition

The AC is composed of four independent members, including the Chairman of the AC, pursuant to the criteria defined in the Afep-Medef Code. All AC Members are financially literate and, pursuant to French Commercial Code requirements, each member has expertise in financial administration and accounting for listed companies or other large companies exposed to IFRS accounting methods. Typically, the Chairman of the MB (CEO), the CFO, the Deputy CFO and the CRO attend AC meetings. Other MB Members may also attend meetings unless decided otherwise by the AC. The AC may decide to meet without the MB Members or to meet only with the

(1) Available on the Company's website and at its registered office.

CEO, the CFO or the Statutory Auditors. The Group Director of Tax, the Group Director of Consolidation and Accounting, the Group Director of Control and the Group Director of Internal Audit & Risk Management attend AC meetings at the request of the AC.

### Meetings and Information

The AC meets at least on a quarterly basis and whenever one or more SB or MB Member(s) request a meeting. The AC receives a presentation from the Statutory Auditors twice a year after which they meet with the Statutory Auditors without the MB Members being present. During its annual self-assessment the AC meets

without the MB Members being present. The AC may decide to meet without the MB Members or to meet only with the CEO as it deems necessary. The AC may solicit the advice of external advisers as it deems necessary.

Members receive the meeting documents which include an agenda and comprehensive papers at least three days prior to each meeting. To allow for adequate preparation and consideration, the AC usually meets at least 48 hours prior to the SB meeting at which the full-year accounts are reviewed and 24 hours prior to the SB meeting at which the half-year accounts are reviewed. The SB is informed of the proceedings and recommendations of the AC at its meeting directly following that of the AC.

### Summary of Audit Committee Activity

The AC met four times in 2016 (twice in the presence of the Statutory Auditors). The average member attendance rate was 86%.

Principal responsibilities of the Audit Committee	Key areas discussed, reviewed or/and recommended for approval to the Supervisory Board in 2016
<b>Company Financial Policy</b>	<ul style="list-style-type: none"> <li>• 2016 budget</li> <li>• Group's five-year business plan, financial resources and borrowing requirements</li> <li>• Dividend distribution payment policy and annual allocation and distribution of profits</li> </ul>
<b>Financial Performance and Reporting</b>	<ul style="list-style-type: none"> <li>• Consolidated accounts and quarterly financial statements</li> <li>• Revaluation of net assets, corporate risks and off-balance sheet commitments</li> <li>• Regular tax updates including changes at OECD level</li> </ul>
<b>Internal risk management and control systems</b>	<ul style="list-style-type: none"> <li>• 2016 internal audit plan, charter, quarterly reports and risk mapping</li> <li>• Internal audit, risk management and compliance matters (and reporting)</li> <li>• 2016 focus on risk management (external risk management review and assessment by KPMG)</li> <li>• Formalisation of a Risk Management Policy</li> <li>• Examination of the Company's exposure to and management of risks</li> <li>• Annual evaluation of the functioning and efficiency of the AC</li> <li>• Updates on Digital and IT strategy, tools and projects</li> </ul>
<b>Relationship with Statutory Auditors</b>	<ul style="list-style-type: none"> <li>• Statutory Auditors relationship and discussion for the closing of the 2015 annual accounts and 2016 half-year accounts</li> <li>• Legal changes regarding Statutory Auditors (non-audit services)</li> </ul>

### Audit Committee Remuneration

For details and discussion on the AC Remuneration please see pages 293 to 294.

#### 6.2.1.2.2. Governance, Nomination & Remuneration Committee (GNRC)

##### Tasks

The GNRC's role is to examine all issues falling within its scope of action under the GNRC Charter<sup>(1)</sup> and to advise the SB accordingly. Its tasks specifically include a constant review of the independence of the SB Members pursuant to the criteria

defined in the Afep-Medef Code. In relation to governance matters, the GNRC assesses the adequacy of the Company's corporate governance rules and practices, concerning the Company as a whole as well as the MB, the SB and its committees. It continuously evaluates the Company's compliance against these rules. The GNRC also monitors the Group's remuneration policy and related remuneration arrangements (FI, STI, LTI and Supplementary Contribution Scheme) for MB Members and the remuneration and attendance fee arrangements for SB Members. In relation to nomination matters, it develops profiles and screening criteria for SB candidates and initiates proposals for the renewal and appointment of SB and MB Members. It also assesses the performance of SB and MB Members on a regular basis.

(1) Available on the Company's website and at its registered office.



## Composition

The GNRC is composed of five independent members, including the GNRC Chairman who also happens to be the SB Chairman, pursuant to the criteria defined in the Afep-Medef Code.

In addition to GNRC Members, the CEO and the CRO typically attend GNRC meetings. The GNRC may decide to meet without the CEO and the CRO. At least twice a year, during the annual self-assessment of the GNRC as well as during assessment of and the decision on the compensation of the MB, the GNRC meets without the CEO and the CRO being present. At least once a year the GNRC receives a Compliance Report presentation from the Group Director Internal

Audit & Risk Management. Additionally, other persons may be invited to attend by the GNRC Chairman.

## Meetings and Information

The GNRC meets at least two times a year and whenever one or more SB or MB Member(s) request a meeting. Members receive the meeting documents which include a detailed agenda and comprehensive papers at least three days before each meeting. The SB is informed of the GNRC's proceedings and recommendations at the meeting directly following that of the GNRC.

## Summary of Governance, Nomination and Remuneration Committee Activity

The GNRC met six times in 2016 (including two *ad hoc* meetings). The average member attendance rate was 87%.

Principal responsibilities of the GNRC	Key areas discussed, reviewed or/and recommended for approval to the Supervisory Board in 2016
<b>Governance</b>	<ul style="list-style-type: none"> <li>• Unibail-Rodamco SE's governance practices compared to the Afep-Medef Code</li> <li>• Application of any changes required pursuant to revisions to the French Commercial Code (e.g. Loi Sapin II)</li> <li>• Adoption of the new CSR agenda – "Better Places 2030" strategy</li> </ul>
<b>Compliance with relevant laws and regulations</b>	<ul style="list-style-type: none"> <li>• Confirm absence of related party agreements</li> <li>• Annual Group Compliance program</li> <li>• Annual review of the independence of SB Members</li> <li>• Regular updates on regulatory/legal changes</li> </ul>
<b>Succession Planning</b>	<ul style="list-style-type: none"> <li>• Succession planning throughout the year of the SB, MB and the Group Management Team</li> <li>• Annual review of the SB and Committee profile and composition</li> <li>• Appointment of SB Members: Mr Jacques Stern</li> </ul>
<b>Company Remuneration Policy and Performance Assessments</b>	<ul style="list-style-type: none"> <li>• Remuneration of the MB (including FI, level of attainment of annual STI targets and LTI targets)</li> <li>• Extensive review and restructuring of the LTI plan</li> <li>• Revision of the SB Member fees applicable in 2017</li> <li>• Annual evaluation of the functioning and efficiency of the GNRC, SB (annual self-assessment process) and of the MB</li> <li>• 2016 Company Savings Plan</li> </ul>
<b>Human Resources</b>	<ul style="list-style-type: none"> <li>• Talent Management</li> <li>• Annual review of equal opportunity – international and gender diversity</li> <li>• Review of the Engagement Survey results and action plan</li> </ul>
<b>Shareholder Outreach and Engagement</b>	<ul style="list-style-type: none"> <li>• SB Chairman's report</li> <li>• Updates on shareholder composition, discussions with shareholders and shareholder expectations</li> </ul>

## Governance, Nomination and Remuneration Committee Remuneration

For details and discussion on the SB Remuneration please see pages 293 to 294.

### 6.2.2. Remuneration of the Management Board Members

With regard to the MB's remuneration, Unibail-Rodamco SE applies all of the Afep-Medef Code recommendations.

The MB Remuneration Policy is developed by the GNRC and approved by the SB. The remuneration of each MB Member consists of four components: (i) Fixed Income (FI), (ii) Short-Term Incentive (STI), (iii) Long-Term Incentive (LTI) comprised of Performance Stock Options and Performance Shares both subject to performance and presence conditions which promote the "Pay For Performance" principle wherein only outperformance is rewarded, and (iv) other

benefits (including Supplementary Contribution Scheme, company car and insurance). The goal of the MB Remuneration Policy is to ensure an incentive structure that retains, motivates and rewards long-term performance while aligning their interests with the long-term value creation objectives of the Company and its shareholders (for more details see pages 294 to 295). Over the past two years, the SB, upon the recommendation of the GNRC has restructured various aspects of the remuneration policy with a focused review each year to further strengthen the alignment with shareholder interests.

### 6.2.3. Corporate Governance

In accordance with Article L. 225-68 of the French Commercial Code, Unibail-Rodamco SE has adopted the Afep-Medef Code as its code of reference for corporate governance matters. Unibail-Rodamco SE has analysed its practices and procedures against the Afep-Medef Code. As at the date of filing, the Company fully complies with all of the Afep-Medef Code's recommendations.

All shareholders have the right to attend shareholders' meetings. The terms and conditions of participation in shareholders meetings are set out in Article 18 of the Company's Articles of Association. All information pursuant to Article L. 225-100 of the French Commercial Code that is likely to have an effect in the event of a takeover, such as the information specified in Article L. 225-100-3, is included in the annual report available to shareholders (see page 335).

#### 6.2.4. Internal Control System

The Unibail-Rodamco Group is active in the commercial property sector, more specifically in the development, management and regular refurbishment of shopping centres and offices, and the management and organisation of convention and exhibition venues and associated services. Apart from general risk factors, the Group's business is subject to common exposure and systemic risks including, in particular, the cyclical nature of the property sector. The Group's strategy and policies aim to prevent and/or to limit the negative effects of these risks. However, sudden changes in the geopolitical, political, social, economic, consumer behavior, financial, monetary, regulatory, health and ecological environment could have a negative impact on the Group, and result in, amongst other things, a decrease in asset values, an increase in certain costs, or investment/divestment operations being delayed or even abandoned.

"Controllable" risks are identified through a risk mapping process which focuses on key risks and assesses them on the basis of probability and magnitude. This risk mapping is monitored on a regular basis and is fully reviewed by the Group Risk Committee annually. This committee is composed of the CEO (Chair), the CFO, the Deputy CFO, the Group General Counsel, the Managing Director of Major Constructions and the Group Directors of Human Resources and Organisation, Information Technology, Internal Audit, Insurance and Property Maintenance and Purchasing. It aims at anticipating risks and following up on risk indicators (see section Risk Factors pages 353 to 361).

These "controllable" risks are monitored through the Group's internal control system. This system covers all activities of the Group in all regions. This system is based on a set of principles that aim to provide reasonable assurance that the following internal control objectives are met:

- ◆ transactions are executed effectively and optimised;
- ◆ property assets are protected;
- ◆ financial information is reliable; and
- ◆ all of the foregoing and all operations comply with prevailing legislation, external regulations and Unibail-Rodamco's internal rules.

The Group's internal control system is in line with the general principles of the Internal Control System reference framework drafted by the AMF working group and is based on:

- ◆ standardised procedures;
- ◆ accountability of managers in charge of the business, finance and control;
- ◆ a committee-based decision-making process for acquisitions, disposals and refurbishment/construction projects; and
- ◆ a segregation of duties between the executive and control functions.

Unibail-Rodamco SE is run by an MB, composed of six members as at December 31, 2016, which manages all of the Group's activities. The MB holds fortnightly meetings as well as *ad hoc* meetings whenever required. It acts as the decision-making body for any issues that, due to their financial significance or strategic and/or cross-functional nature, require its involvement. Its main focus areas are set out in the MB Charter, which is available on the Group's website.

The Group's control environment includes the Compliance Book for Governance, Organisation & Corporate Rules (Compliance Book). The Compliance Book details:

- ◆ the Group organisation structure: a matrix organisation with a double reporting line at corporate and regional levels;
- ◆ the governance organisation for Unibail-Rodamco SE and its subsidiaries;
- ◆ a framework of core processes and internal rules covering investment & divestment, development, leasing activities and support functions, notably Finance and Human Resources;
- ◆ a Code of Ethics covering the Group's core values and rules of conduct, with particular emphasis on ethical behaviour, conflicts of interests, confidentiality of information, and transactions involving the Group's shares; and
- ◆ an Anti-corruption programme, revised in 2016, will be rolled out in 2017.

In addition to the Compliance Book, the Group's control environment comprises of:

- ◆ job descriptions and an appraisal system based on performance targets for the entire Group;
- ◆ a set of delegation of authority and responsibility rules and limits that span all of the Group's activities;
- ◆ specific procedures applicable at the corporate level and in the different regions where the Group is present; and
- ◆ less formal instructions and recommendations that nevertheless form an integral part of the internal control system.

A description of the main risks monitored by this internal control system follows (for related mitigating measures see section Risk Factors on pages 353 to 361).

#### 6.2.4.1. Investment and Divestment Authorisation

Corporate business development or property acquisition projects are always discussed by the relevant management team. Any deal opportunity is presented to the CEO and the CFO in order to determine whether the transaction is worth pursuing and investigating. If it is worth pursuing or investigating, a project manager is appointed.

A legal, financial, technical and commercial review of these transactions is subsequently presented to an *ad hoc* committee comprising of the CEO, the CFO, the COO, the CDO (for property development and re-development) and the relevant Regional Managing Director and regional Investment teams. This committee approves the value creation strategy, the assumptions made and the offer price, subject to a more in-depth audit (data room) and final approval in compliance with the Group's authorisation rules. Various financial models (e.g. discounted cash flows, peer comparisons) are used and provide the basis for the committee's assessment.

During the annual budget review within each region, a disposal schedule is drawn up for mature properties. These asset divestments are then prepared and analysed in detail by the committee referred to above, which verifies the assumptions on which the disposal conditions are based.

Unibail-Rodamco's property assets are valued twice a year by external experts. This enables the Group to assess the respective market values and to verify and validate the internal assumptions that are used to determine the selling price or rental value of its different properties. Most of the teams involved in reviewing and managing these transactions have experience in mergers and acquisitions acquired through investment banks, law firms or other institutions specialising in such areas of functional expertise. The Group calls upon external experts, such as lawyers, tax specialists, auditors and consultants, whenever necessary.

In accordance with the Group's authorisation rules, any transaction within the boundaries of the Group's existing strategy and/or in European Union member states is subject to final approval by the MB when exceeding €100 Mn and is subject to the additional prior approval by the SB when exceeding €500 Mn.

For transactions outside the Group's existing strategy and/or in a country outside European Union member states, the MB's approval is required and the SB's approval is required for such transactions exceeding €25 Mn.

The Unibail-Rodamco Group has centralised the documentation and management of legal matters relating to all of its property assets in Austria, France, Spain and the Netherlands.

This centralised organisation makes it easier to prepare data rooms when properties are being sold and helps to improve the liquidity of the assets.

#### 6.2.4.2. Risks Associated with the Management of Construction and Refurbishment Projects

Unibail-Rodamco's construction projects are carried out in countries where the Group has a locally based team.

Unibail-Rodamco, except in exceptional cases, selects large, reputable contractors to work on its construction and refurbishment projects by issuing invitations to tender based on a set of clear specifications. The final choice of contractors is made once a comparative analysis of written offers has been carried out. Any discrepancies in relation to the original budget must be explained and justified. In 2016, the Group revised its anti-corruption program which will be implemented in 2017 in order to prevent the risk of corruption and bribery.

In addition, Unibail-Rodamco employs construction experts within its own organisation. They act as project managers and are responsible for ensuring that:

- ◆ the properties built by the Group's contractors comply with the design specifications;
- ◆ construction and renovation costs are kept under control and remain in line with initial budgets; and
- ◆ buildings comply with the Group's Environmental Quality Charter and any regulations applicable to owners.

The progress of the works, the budget and internal rate of return of each project is reviewed on a quarterly basis at Group level by the Control Department and the MB.

This organisation is completed by the Director of Finance of Unibail-Rodamco Development who is in charge of monitoring the financial, legal and tax structuring of Unibail-Rodamco Development projects and optimising Development project costs, controlling, budgeting and reporting.

To manage environmental risks, the Group organises regular meetings with all regional contacts responsible for environmental policy, and closely examines each environmental action plan and achievements annually at site level to shape a common environmental performance policy and monitor the way it is embedded into operating practices. The Group has been listed on The Dow Jones Sustainability Index since 2008.

Unibail-Rodamco SE publishes detailed corporate sustainability information annually dealing with the Group's environmental and social policy, its targets and achievements (see pages 62 to 167).

#### 6.2.4.3. Asset Protection Risks

Unibail-Rodamco is covered by a Group insurance program that is underwritten by reputable leading insurance companies. This program is monitored by the Group Insurance Department in liaison with local teams and insurance brokers. In addition, Unibail-Rodamco carries out a regular follow-up of the solvency rating of its insurers.

For property damage, most of the Group's property assets are insured for their full reconstruction value, which is regularly assessed by external property insurance appraisers and for business interruption and loss of rents. The Group has also taken out general liability insurance that covers financial damages incurred by third parties.

Under the terrorism programme, French and Spanish assets are insured for their reconstruction cost and for business interruptions and loss of rent according to compulsory national insurance mechanisms (Gareat in France and Consorcio de Compensación de Seguros in Spain).

Assets located in other Regions are insured against terrorism under a dedicated programme which includes an annual aggregate limit based on the asset which has the highest insured value with respect to rebuilding cost and loss of rent.

Most construction projects and renovation works on properties are covered by Contractor's All Risk policies in all regions. Defects affecting the works are covered by Decennial Insurance in France and Inherent Defect Insurance for construction or extension large projects, in other regions or by contractors warranties.

#### 6.2.4.4. Risks Associated with Property Leasing and Ancillary Services

The marketing of assets is handled by dedicated teams with, in the case of the Office Division, additional support from leading external brokers. Targets (e.g. prices, deadlines and prospective tenants) are defined within each region in collaboration with a team at Group level and are presented to the MB for approval. Leases that are particularly important in terms of value or special terms and conditions (e.g. price, term, and security) must be approved in advance at MB level by the COO or by the CEO.

The large number of tenants in the Group's shopping centre portfolio is varied, and thus minimises the risks associated in the event of the insolvency of any retailer. The Group's principal tenants in its office portfolio are blue-chip companies. When tenants sign their lease agreements, most are required to provide financial guarantees, such as a deposit, first-demand guarantee or surety bond equal to 2-6 months' rent. The amounts due under the lease agreements are invoiced by the Group's property management companies. In all regions, a set of procedures describe how invoicing and the recovery of rents and service charges are

organised and monitored. Payments for ancillary services provided by the Convention and Exhibition division are generally received in advance, thereby reducing the risk of unpaid debts. Late payment reminders are systematically issued in respect of late payments and are monitored by local teams in each region. These teams decide on the pre-litigation or actual litigation action to be taken.

#### 6.2.4.5. Financial Risks

See Risk Factors pages 356 to 357.

#### 6.2.4.6. Legal Risks

Legal risks are monitored by the Group General Counsel, who oversees the deployment of the Group's legal philosophy, policies and procedures to protect the Group's interests and ensure that Unibail-Rodamco complies with the regulations that govern its operations. The legal organisation is composed of a central corporate department and regional departments which are monitored by the Group General Counsel. These departments are charged with protecting the Group's interests in contractual matters, drawing up standard contracts and supervising litigation.

Through its action within the various national professional organisations bringing together the main operators in the commercial real estate and office sectors, the Group endeavors to anticipate any legislative initiatives likely to have an impact on its business. The Group participates in the dialogue with the national or local authorities to formulate proposals in order to prevent and accompany the risks linked to regulatory changes.

In addition, by exercising its activities in different countries, the Group limits the impact of legislative and regulatory risks.

The Group has developed a legal organisation at local and central level to ensure compliance with the laws and regulations to which it is subject. An active prevention and precautionary policy is an integral part of its diligence and procedures, including ethics and compliance.

The Group employs lawyers who are specialists in jurisdictions in which the Group operates and who enlist the support of external counsel and experts as required. In all regions, the Group legal department has implemented systematic information procedures to ensure senior management at Group and regional levels is informed immediately of any new risks or of any events likely to alter the assessment of an existing risk.

Every quarter, all local legal department provide the Group General Counsel with formal progress reports on the Group's main outstanding disputes. There is a centralised procedure for registered mail that is received at the Group's French registered office. An equivalent procedure has been implemented in all of the regions.

#### 6.2.4.7. Information Technology (IT) Risks

See Risk Factors pages 359 to 360.

#### 6.2.4.8. Risks Associated with the Production of Financial and Accounting Data

Accounting systems can be a source of financial risk, particularly in the context of end-of-period accounting, the consolidation of accounts, and accounting for off-balance sheet obligations.

Accounting processes are handled by local and corporate teams using multiple information systems. Unibail-Rodamco uses manuals for accounting procedures and instructions which describe the segregation of duties between the accounting execution and control.

Unibail-Rodamco maintains analytical accounting reporting on each property, event and exhibition to monitor budget execution.

A common process and reporting template, the Quarterly Flash Report (QFR), is used. This report consists of a set of quarterly (or half-yearly) data valuations, pipeline projects and operational Key Performance Indicators (KPIs), as well as financial data such as comparisons between actuals and budget, actuals year by year, and full year forecasts (Gross Rental Income, Net Rental Income, administrative expenses, etc.). Reports are prepared and checked at the regional level before being submitted to the Group Control and Consolidation departments.

Regional quarterly reports are double-checked and challenged by the Group Control Department, which analyses the KPIs as well as any discrepancies between the budget and end-of-period actuals or forecasts. Group Control establishes a Group QFR which consolidates all Group KPIs, valuations and pipeline projects. The QFRs are presented to the MB by the country management teams of each region and the consolidated QFR is provided to the AC and the SB.

Consolidated financial statements are produced for the Unibail-Rodamco Group. The consolidation process is centralised and carried out by a dedicated team in the Group Consolidation department.

When consolidating the accounts, multiple checks are carried out, of which:

- ◆ variations in the controlling shares of subsidiaries and investments are tracked to ensure an appropriate method of consolidation;
- ◆ consolidated packages received from regions are reconciled with the QFRs;
- ◆ adjustments to consolidated figures are analysed and explained in a report;
- ◆ reports from local external auditors are analysed;
- ◆ variation analyses related to budgets and forecasts are cross checked with Controlling; and
- ◆ implementation of a "tax reporting" module in the consolidation application in order to enhance consistency checks with the Group's consolidated results.

Rules for off-balance sheet commitment recordings have been laid down in specific procedures in order to ensure that each commitment is centrally logged by the Legal Department. Commitments given and received are aggregated and brought to the attention of the MB and the SB.

Group financial statements are reviewed by the Statutory Auditors before being presented and explained to the MB, the AC and, ultimately, to the SB.

The appraisal of the internal control system is carried out by the Group Internal Audit Department (composed of four persons) which conducts regular assignments into all of the Group's business units in line with the annual audit plan approved by the MB and the SB.

The CEO or (the Chairman of) the AC can also ask the Group Internal Audit Department to carry out one-off "flash" assignments in order to provide a rapid response to urgent issues and/or the treatment of new risks or problems. Final audit reports are addressed to the MB and to each department which has been involved in the audit. A summary of audit findings is provided to the AC on a quarterly basis.

Unibail-Rodamco's Internal Audit Charter sets out the different missions of the audit function. To ensure it remains genuinely independent, the Internal Audit Department reports directly to the CEO and to the Chairman of the AC.