

**NEW
RIVER**

Environmental, Social & Governance
Report 2018

ENVIRONMENTAL & COMMUNITY

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CFO Foreword



Mark Davies
Chief Financial Officer

Background

The real estate sector is estimated to contribute 36% of global GHG emissions annually which presents both risks and opportunity for us to address through our operations.

We recognise that integrating environmental, social and governance (ESG) policies into our operational model can have long-term positive impacts on our business, and the communities in which we operate.

As a result we believe that conducting our activities in a manner that provides social benefits, and is sensitive to the environment, enhances the long-term value of our business.

Our actions

Following our appointment of Cushman & Wakefield in 2015 as Environmental Consultants, we have increased our focus on the environmental and social impact of our business and in our last financial year committed to setting out long-term, measurable objectives for continuous improvement which I am proud to set out in this report.

In doing so we will achieve two fundamental objectives: firstly to provide a detailed annual update on our ESG performance and targets and secondly to support a consistent method of disclosure across our industry to address material ESG issues, which is aligned with both the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations and the EPRA sustainability reporting guidelines.

CFO Foreword

Our vision

The NewRiver vision reflects our community approach and is focused on five core priorities which link directly to our key stakeholders. We build partnerships with customers, communities, local authorities and investors to ensure our goals and aspirations are aligned to deliver mutual objectives.

Our ESG programme enables us to actively and effectively manage ESG risks and defend and drive value, forming a central facet of our strategic priorities.

Summary

As Executive sponsor of our ESG programme I am pleased that to date we have delivered results in lowering our environmental impact, driving cost efficiency and optimising relationships with our key stakeholders.

During the 12 months to 31 March 2018 we improved our performance across all ESG aspects which resulted in a 28% GRESB score improvement.

Mark Davies

Chief Financial Officer

Overview from NewRiver's Head of ESG



Emma Mackenzie

Executive Committee Member and Head of ESG

Our ESG programme

Our ESG programme has rapidly evolved over the last few years and is now fully comprehensive, covering all areas from strategy development to data management and operations.

The programme remains dynamic and fluid – our ongoing operational performance and management feeds into our reporting and benchmarking, which in turn influences our strategy development.

We are open and transparent with our stakeholders about our approach to ESG risks and opportunities and how we are progressing against environmental, social and governance criteria and benchmarks.

Our philosophy

We are committed to improving our ESG reporting and disclosure and would like to extend our thanks to our colleagues, property managers and our occupiers for providing feedback which we incorporate into our strategy and programme.

Our reporting approach will follow guidelines published by EPRA and the TCFD and we aim to completely align with these industry standards as we further improve our reporting programme.

Overview from NewRiver's Head of ESG

How we are moving forward

We believe that strong ESG performance is central to our long-term success.

In FY19, we will continue to develop our ESG investment strategies and responsible asset management to drive value and manage ESG-related risks.

We will drive the operational aspects forward with focus on our resource efficiency and cost reduction programme, stakeholder engagement, compliance and risk management.

To support our ongoing strategy, in FY18 we began our installation programme of automatic electricity meters, achieving 50% coverage of our retail portfolio, and are currently rolling out the same initiative for gas and water.

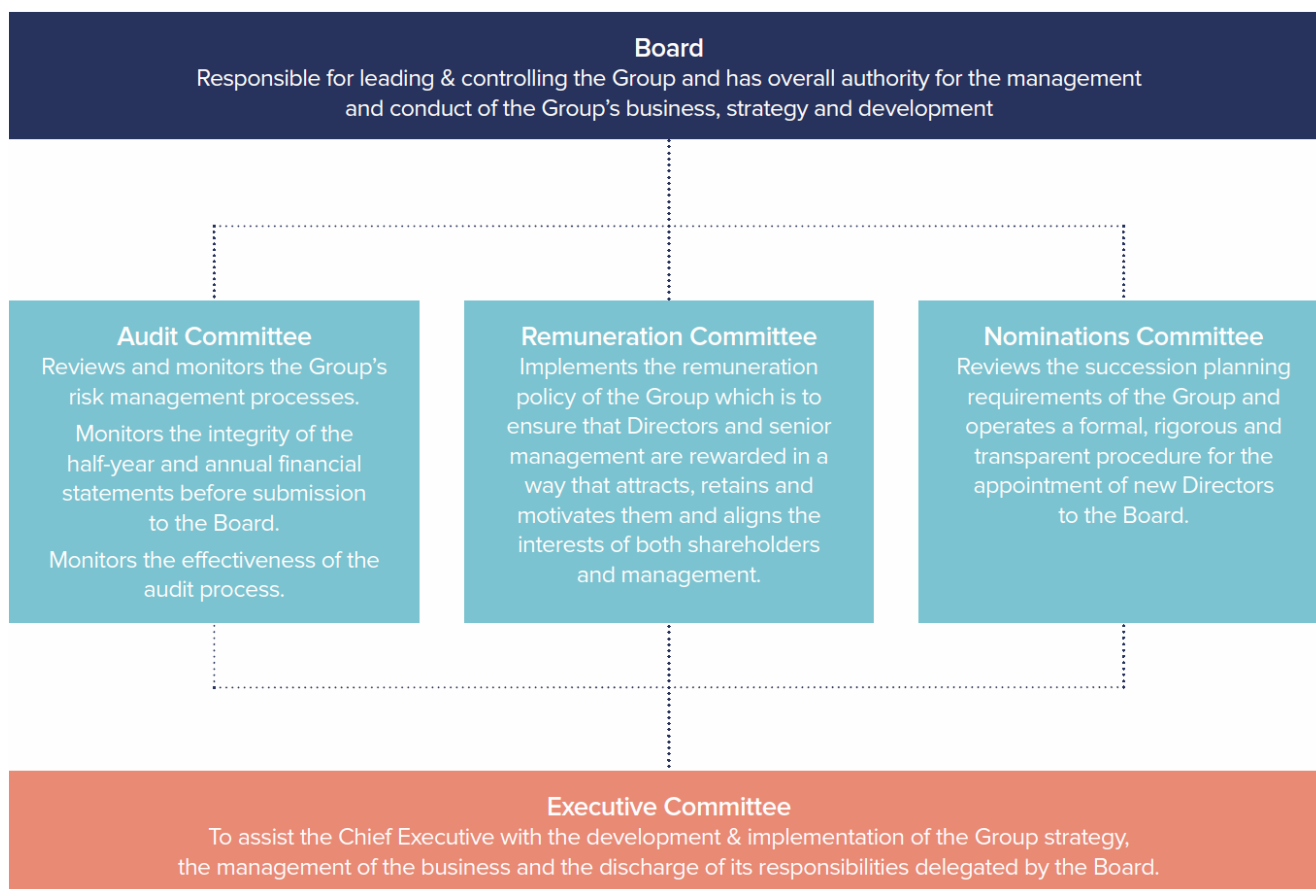
Looking ahead, we see this standalone report as a significant milestone in our commitment to enhancing our ESG programme, and it's annual publication facilitates measurement of how successful we have been and highlights areas where we can continue to improve.

Emma Mackenzie

Executive Committee Member and Head of ESG

Our governance & strategy

Board and committee structure



Responsibilities of the Board

The Board is responsible for leading and controlling the Group and has overall authority for the management and conduct of the Group's business, strategy and development. The Board, supported by a company secretariat, is also responsible for ensuring the maintenance of a system of internal controls and risk management (including financial, operational and compliance controls) and for reviewing the overall effectiveness of systems in place, as well as for the approval of any changes to the capital, corporate or management structure of the Group.

There is a clear division of responsibility between the Chairman, who is responsible for the leadership of the Board, and the Chief Executive, who is responsible for managing and leading the business.

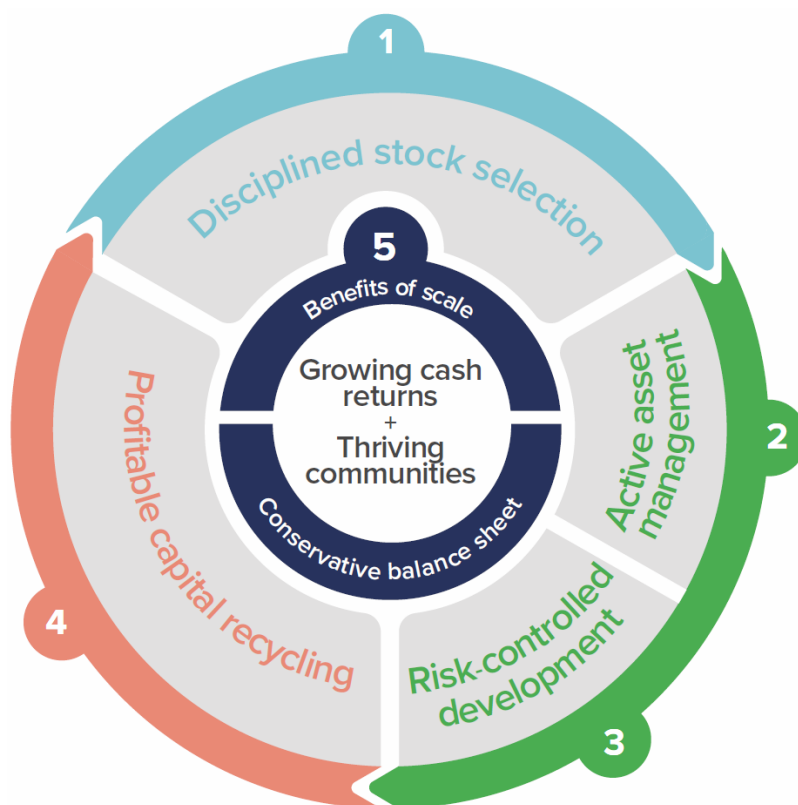
The Executive Directors' responsibilities were re-balanced during the year to compensate for David Lockhart's leave of absence from August 2017. The Chief Executive's role was delegated to the Property Director, Allan Lockhart, and the Chief Financial Officer, Mark Davies, during this period.

For more information on our Board structure and our approach to governance see pages 78-111 of our Annual Report and Accounts 2018.

Our governance & strategy

Our ESG strategy

Our key ESG focus areas are aligned with our business model and our five strategic priorities. Each priority area addresses major social, economic and environmental factors to create value for our stakeholders and the business.



Incorporating environmental, legislative, energy and social factors in the pre-acquisition due diligence process



Reducing asset operating costs through monitoring and targeting improvements of assets, ensuring operational consistency across the portfolio



Active engagement with occupiers on sustainability and tenant satisfaction matters including providing fit-out guidelines and achieving high BREEAM ratings



When recycling assets, engaging local stakeholders to ensure an orderly handover that benefits the community



Investing with the benefit of our scale into local communities to maximise stakeholder benefits

Our governance & strategy

Our strategy

Central to our ESG strategy is to proactively manage risks and defend value. We do this by:



How we measure success

We disclose to the Global Real Estate Sustainability Benchmark (GRESB) to assess the ESG performance across our portfolio.

Over 850 organisations worldwide participated in GRESB last year and it is the primary benchmark on ESG performance, aligned with the Global Reporting Initiative (GRI) and the United Nations' Principles for Responsible Investment (UN PRI).

We have participated in GRESB since 2016 and the benchmark enables us to compare ourselves with our peers and identify areas where our ESG performance can be enhanced.

Our governance & strategy

Our goals

Our strategic priorities are designed to strengthen the business link directly to our stakeholders. We recognise that ESG materiality and relevancy vary across stakeholders and as such, our goals are shaped by the individual stakeholder's key concerns and objectives.

Stakeholder	Key Concerns	Our Goals
Consumers	Safe and secure environments, pleasant experiences, wayfinding and accessibility, comfort and cleanliness	Provide safe, secure and pleasant shopping centres that are accessible and easy to navigate and manage them to the highest standards
Investors	Financial performance, compliance and risk management, Board diversity, Board ESG Engagement, ESG Performance and Reporting	Maximise performance and manage risks. We strive to improve our scores in the GRESB year on year and incorporate industry recommendations and investor feedback into our ESG strategy
Retailers	Operational efficiency, cost reduction, GHG emissions	Actively engage with all our retailers' sustainability teams to support them in achieving sustainability and operational goals
Local Authorities & Communities	Energy and water efficiency, GHG emissions, resilience, environmental performance, recycling, community impact	Support good causes both local to our assets and on a national level For all new acquisitions and developments we will strive to minimise our environmental impact and make a positive impact on the local community
Employees	Staff engagement and wellbeing, GHG emissions and climate change impact, recycling, professional development, air quality	Engage our employees in ESG issues and leverage best practice, centring our ESG strategy around employee empowerment, ensuring continuous improvement through CPD and training courses
Advisors & Consultants	Achieve ESG KPIs	Consistent and open communication with our advisors and consultants to monitor progress and delivery Ensure we treat suppliers fairly including the prompt payment of invoices

FY18 Performance

Progress made in FY18

Following the implementation of formal objectives in FY17, throughout FY18 we have been able to significantly enhance our disclosures and provide an update on progress made during the course of the year.

Set out below are our goals together with how successful we were in achieving them over the course of the year.

1. Minimise our environmental impact without compromising operational efficiency

We are committed to managing our assets in the most resource efficient and cost effective manner, reducing both our environmental impact as well as occupational costs for retailers. Our strategic approach encompasses both the procurement of energy as well as intelligent management tools to monitor and minimise usage.

Our contract with Co-op Power, who centrally procure our utilities, included the installation of smart meters which both monitor usage and through our utility bill management process insure that our bills are based on actual consumption. As at 31 March 2018, 50% of all retail portfolio meter readings were made by smart meters, and we plan to continue the roll out in FY19 to support enhanced consumption monitoring.

During the year we implemented our waste monitoring management system across a total of seven pilot centres, in parallel appointing a waste administration, reporting and management solution provider to improve data collection and identify efficiency opportunities while we work with partners to improve recycling rates. This programme is scheduled to continue through FY19 to support our long-term recycling objectives.

Measuring our success

In FY18, we achieved a 28% improvement to our score in the Global Real Estate Sustainability Benchmark (GRESB).

We are proud to report that our actions in FY18 resulted in a reduction in both electricity consumption and GHG emissions by 6% year on year.

FY18 Performance

2. Support our local communities

Positive engagement with our local communities is fundamental in our approach and it is an area in which we have a strong track record. In FY18 we continued to support a large number of charities and hosted charity events at our shopping centres. Some assets excelled; the Avenue Shopping Centre in Newton Mearns, Glasgow for example hosted over 30 community events.

Overall, last year we supported over 300 charities and participated in 339 community centred events. We recognise the significant social and economic impact our shopping centres have on the local community and we are proud to announce that last year, our shopping centres supported over 12,000 jobs through retailer employment as well as our own shopping centre staff and suppliers. Our community and social impact is assessed on a yearly basis, covering all of our shopping centre portfolio with focus on community engagement and supporting charities.

Measuring our success

Slow Shopper Tuesdays: St Elli Centre

In collaboration with Alzheimer's Society, the centre launched a dementia friendly project - 'Slower Shopping Tuesdays' to provide support to people with dementia to continue shopping after being diagnosed.

Since November 2017, every Tuesday from 1:30 – 2:30pm participating retailers turn off loudspeakers, provide slower check-out lines and offer chairs to allow people to have a rest. Research by the Alzheimer's Society shows that 8 out of 10 people with dementia list shopping as their favourite activity. However often those with the condition stop going once diagnosed and their dementia progresses.



St Elli recognises how being able to go shopping is a critical aspect of remaining independent and engaging with their own communities and wanted to help by implementing the slower shopping programme.

The initiative has been well received by the public and occupiers with a remarkable response not only from people who suffer from dementia but also from people who benefit from a slower and quieter pace of shopping including people with autism, elderly and new parents with small children.

FY18 Performance

Green Apple Award for Environmental Best Practice: The Hildreds Shopping Centre

The Hildreds Shopping Centre in Skegness was recognised for its waste management initiatives which saw the creation of a rooftop garden using 200 kilos of food waste generated on site for compost.

The compost is used to grow vegetables and cultivate flowers in hanging baskets around the centre.



The food produced is used by a local café as part of its menu, creating a circular solution model to reduce waste and retain product value.

The engagement from the community has been exceptional with many regular customers and staff tending the garden.

The Green Apple Awards, which took place at the Houses of Parliament was collected by the Hildreds team in November 2017.

339

NewRiver hosted community events

316

Charities supported by NewRiver

Reducing loneliness a brew at a time: the Ridings Shopping Centre

In partnership with AgeUK and to raise awareness of the increasingly pressing issue of loneliness and isolation amongst the UK's older population we tasked our team to tackle these issues whilst enhancing the customer experience at the Ridings.

Following a series of pilot events which attracted over 100 guests, together with TV and media coverage, we developed a series of monthly events under the moniker of Cuppa Club.



Stakeholders from the community including local businesses who provide a loyalty scheme to promote the events and the local fire service and schools who provide educational talks to attendees.

Through our partnership with AgeUK, the campaign has expanded to a wider awareness campaign: "Just say hello"



FY18 Performance

3. Drive engagement with stakeholders and empower our people

Our key stakeholders include retailers, suppliers, councils, communities, lenders and shareholders as well as our employees.

We recognise that our managing agents and property managers have a key part to play in improving the environmental performance of the assets and central to our stakeholder engagement strategy is continuous engagement with our property managers.

Measuring our success

In FY18 we launched our ESG staff engagement programme: running training sessions and workshops on ESG challenges and opportunities and have been pleased with the engagement we have received.

In addition to workshops throughout the year, we gather all managing agents and property managers twice-yearly to communicate and discuss our corporate ESG performance, strategy updates and objectives.

Next year we will continue to support and nurture our staff, starting with the implementation of our staff wellness monitoring procedures due to commence in the first half of 2019.

FY19-FY21 Performance targets

Our short term targets

In support of the embodiment of ESG throughout NewRiver and to ensure we continue to challenge ourselves to extend our sustainable approach to all areas of the business.

We have set our specific GHG and energy reduction targets for the short (FY21), medium (FY31) and long-term (FY51) using robust Science Based Targets (SBTs) providing us an ambitious platform for NewRiver's ESG performance.

FY19-FY21: short term targets

- 1 Expand our data collection on waste management to encompass all multi-let retail assets
- 2 Expand our data collection on water management to encompass all multi-let retail assets
- 3 Encourage sustainability in the community by increasing the provision of recycling points at our assets
- 4 Implement staff wellness monitoring procedures
- 5 5% reduction in NewRiver procured utilities
- 6 5% reduction in NewRiver GHG emissions

FY21-FY50 Performance targets

Medium and long term targets

We understand that the property lifecycle extends far into the future and whilst we have made significant progress this year we recognise that we have more work ahead of us to achieve our goals.

To provide focus, we set out below our strategic targets over next 30 years.

2020-2030: medium-term targets

- 1 Zero waste to landfill across entire portfolio
- 2 100% energy procured from renewable sources
- 3 20% reduction in NewRiver procured utilities
- 4 20% reduction in NewRiver GHG emissions

2030-2050: long-term targets

- 1 Over 25% of energy generated from renewable sources at assets
- 2 100% energy procured from renewable sources
- 3 40% reduction in NewRiver procured utilities
- 4 40% reduction in NewRiver GHG emissions

Our performance to date:

	Performance				Targets (reduction)		
	FY18	FY17	Like-for-Like	Energy Intensity FY18 / m ²	2020	2030	2050
Electricity (kWh)	12,546,213	13,398,347	-6%	187.99	5%	20%	40%
Gas (kWh)	2,450,633	2,413,295	2%	36.72	-	-	-
GHG emissions (tCO ₂ e)	4,912	5,204	-6%	0.0736	5%	20%	40%

We recognise that waste and resource conservation are critical contributing factors to sustainability. As such our energy and water consumption and waste targets for FY19 and beyond involve both qualitative and quantitative targets.

Total water consumption in FY18 was 65,747m³ and we witnessed year on year reduction across several sites such as the Sovereign Centre, Boscombe which reduced water consumption by 14%.

Throughout FY19 we will continue to install water AMRs to enhance consumption monitoring together with our water reduction initiatives to contribute to our target to reduce consumption across all sites year on year.

Appendices



Appendix 1: About us

About us

NewRiver REIT plc (ticker: NRR) is a premium listed REIT on the London Stock Exchange and a constituent of the FTSE 250 and EPRA indices. The Company is a specialist real estate investor, asset manager and developer focused solely on the UK retail and leisure sector.

Founded in 2009, NewRiver is one of the UK's largest owner/managers of convenience-led community shopping centres with a property portfolio of £1.4 billion principally comprising 34 UK wide shopping centres together with further nationwide retail and leisure assets. The portfolio totals 8 million sq ft with over 2,000 occupiers, an annual footfall of 150 million and a retail occupancy rate of 97 per cent. Visit www.nrr.co.uk for further information.

Diversity

NewRiver is committed to and actively support diversity within the company and recognises that a more diverse insight into decision-making is central. NewRiver also promotes diversity within the industry by participating in diversity events hosted by organisations such as Women in Property.

Gender	Headcount Total	Board of Directors	Turnover (# & rate)	New Hires (# & rate)
Male	30	5	3 (10%)	3 (17%)
Female	25	2	4 (16%)	6 (24%)
Total	55	7	7 (13%)	9 (16%)

Nomination committee

The process for nominating and selecting the highest governance body is formed of independent directors who are responsible for nominating members to the Board for appointment. The process for managing conflict of interest is managed by a Senior Independent Director. Details of these process are outlined in the NewRiver REIT plc Nomination Committee Terms of Reference and Remuneration Committee Terms of Reference which can be accessed at www.nrr.co.uk.

Employee health & safety

NewRiver strongly believe that our employees play a central role in our success and our staff programme goes beyond traditional health and safety initiatives. In FY18 we launched our staff wellbeing programme which includes aspects such as encouraging physical activities, supporting flexible working and providing healthy foods. We also support training to allow our staff to maximise their potential and contribution to our business. In FY18, each employee participated on average in 42 hours of training and 100% of our employees receive annual performance reviews. We also perform regular health and safety checks including workstation checks. In FY18 we had zero injury and fatalities and total absences days were 77.

Appendix 2: EPRA performance measures

Environmental sustainability performance measures

EPRA Code	Performance Measure	2018	2017	Unit(s) of Measure
Elec-Abs	Total electricity consumption	12,546,213	13,398,347	annual kWh
Elec-LfL	Like-for-like total electricity consumption	-6%	-	annual kWh
Fuels-Abs	Total fuel consumption	2,450,633	2,413,295	annual kWh
Fuels-LfL	Like-for-like total fuel consumption	2%	-	annual kWh
Energy-Int	Building energy intensity	224.71	236.92	kWh/ m ²
GHG-Dir-Abs	Total direct greenhouse gas (GHG) emissions	4,912	5,204	annual metric tonnes CO ₂ e
GHG-Int	Greenhouse gas (GHG) emissions intensity from building energy consumption	0.074	0.078	tonnes CO ₂ e / m ²
Water-Abs	Total water consumption	65,747	-	annual cubic metres (m ³)
Water-Int	Building water intensity	0.9851	-	m ³ consumption / m ²

Social performance measures

EPRA Code	Performance Measure	2018	Unit(s) of Measure
Diversity-Emp	Employee gender diversity	See page 17	Percentage of employees
Emp-Training	Employee training and development	42	Average hours / employee
Emp-Dev	Employee performance appraisals	100%	Percentage of employees
Emp-Turnover	New hires and turnover	See page 17	Total number and rate
H&S-Emp	Employee health and safety	See page 17	Injury rate, absentee rate and number of work related fatalities
H&S-Asset	Asset health and safety assessments	100%	Percentage of assets
H&S-Comp	Asset health and safety compliance	0	Number of incidents
Comty-Eng	Community engagement, impact assessments and development programmes	100%	Percentage of assets

Governance performance measures

EPRA Code	Performance Measure	2018	Unit(s) of Measure
Gov-Board	Composition of the highest governance body	See page 17	Total number
Gov-Selec	Process for nominating and selecting the highest governance body	See page 17	Narrative on process

Appendix 2: EPRA performance measures

Boundaries and coverage

We have adopted the 'Operational Boundary' approach for the EPRA reporting on environmental sustainability measures.

We have reported on nearly 100% of the assets where we have operational control. Occupiers' usage or emissions in these assets are not included as we do not have control over their operations. For intensity level reporting we have used landlord floor area as the denominator.

We estimated that the landlord areas cover 15% of the total area of the assets we have reported on, which combined covers 444,925 square metres.

Where we lacked energy data, we used robust estimation methods to estimate the consumption for the days with missing data. We are working on improving data coverage of energy to 100% actual data for the next reporting year.

GHG emissions calculations

We have measured emissions based on the GHG protocol Corporate Accounting Standard and guidance provided by the UK's Department for Environment, Food and Rural Affairs (DEFRA). The emissions factors and conversions used were from the latest version of the DEFRA greenhouse gas reporting tool.

Selected reporting period

The reporting period covers the financial year ending 31 March 2018. Data has also been provided for the financial year ending 31 March 2017 for comparison purposes.



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