CHAPTER 6

Risk factors and internal control

6.1 RISK MANAGEMENT FRAMEWORK

6.1.1 RISK MANAGEMENT POLICY AND ORGANISATION

The Risk Management Policy at Unibail-Rodamco-Westfield ("URW" or "the Group") is designed to:

- Identify and analyse the main potential threats in order to anticipate risks proactively;
- Secure decision-making and Group processes to achieve business objectives;
- Create and preserve the Group's value, assets, brand and reputation;
- Ensure consistency of decisions with the Group's values and strategy;
- Bring the Group's staff together behind a shared vision of risk management.

URW is based on a matrix organisation within five regions: Central Europe, Southern Europe, the UK, Northern Europe and the US, composed of 12 countries (Austria, Czech Republic, Denmark, France, Germany, The Netherlands, Poland, Sweden, Slovakia, Spain, the UK and the US) under the stewardship of five regional Chief Operating Officers, and a Corporate Centre organised around five main functions, i.e. Developer, Owner, Operator, Resourcer and Financer. The decision-making process is accomplished through committees and collegial decision-making. The segregation of duties within URW is based on the separation between execution and control. URW does not outsource core activities, except for some parts of its IT system. In five regions, the Group's main activities are investment and divestment, asset management, operating management (including leasing and property management), construction, refurbishment and exhibition management, which are briefly described below. The organisational structure is also based on a set of delegations that define the roles and responsibilities of managers. Moreover, URW utilises internal committees where decisions are based on a risk analysis approach.

MAIN ACTIVITIES OF THE GROUP INCLUDING CORE PROCESSES AND SUPPORTING FUNCTIONS

INVESTMENT/DIVESTMENT AND DEVELOPMENT

Investment is one of the major processes at URW as it is one of the first steps in the value creation process. It starts with deal sourcing (the search for market opportunities), which is based on brokers, off-market relationships, and connections with local communities. Once an investment opportunity is identified it undergoes a strict review and approval procedure with multiple steps through compliance and demanding internal decision-making processes, in alignment with URW's investment strategy.

Under the supervision of the Chief Investment Officer (CIO), the Investment Department is responsible for the value creation process and is in charge of evaluating and advising periodically on the basis of the aforementioned information whether the property needs to be disposed of or not.

For divestments, a highly structured process is in place to provide the most complete and accurate information (data room) to maximise the selling price and minimise the guarantees and representations.

For the development of new property, each region has its own Development Department, which manages development projects in relation with the Corporate Centre. The decision-making process is applicable as mentioned above. Construction is ordered and executed (preparation of bid tender, call for offer, selection of building contractors, etc.) under the responsibility of the CIO, the Managing Director of Development and the regional Chief Operating Officers. Construction is undertaken by experienced construction companies, which are managed and controlled by a professional third-party design and project management team.

ASSET MANAGEMENT

Under the responsibility of the five Chief Operating Officers reporting to the CEO, this activity focuses on value creation in URW's asset portfolio and consists of defining the strategy for each asset (5-year business plan). In line with the contract terms and conditions, the Accounting Department invoices and collects the rents and pays expenses related to the management of the building.

OPERATING MANAGEMENT

Operating Management is organised and managed at the regional level by their respective Chief Operating Officer. It mainly focuses on property leasing, implementation/monitoring of the 5-year business plan and property management including security and technical maintenance (facility management).

CONVENTION & EXHIBITION MANAGEMENT (C&E)

C&E management includes activities such as letting areas in URW's exhibition site portfolio to exhibition organisers as well as mandatory services (technical installations, electricity) and ancillary services (parking facilities, WIFI connection).

CONSTRUCTION AND REFURBISHMENT

Construction and refurbishment consist of the following activities:

- Control of construction costs and management of construction contracts;
- Definition of the Group CSR development policy;
- Selection and monitoring construction and refurbishment companies;
- Supervision of construction until grand opening.

6.1.2 GROUP ENTERPRISE RISK MANAGEMENT (ERM) FRAMEWORK

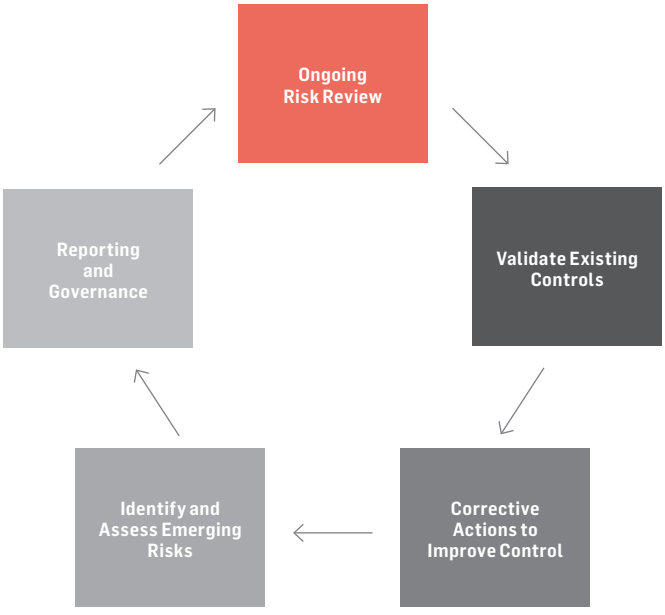
Since the completion of the Westfield transaction in June 2018, the Enterprise Risk Management ("ERM") framework has continued to evolve. All key risks have been reviewed and assessed internally, and action plans for improvement have been established. Ten identified key risks were presented to and reviewed by the Audit Committee and Supervisory Board in 2020. In addition, a dedicated review detailing the impacts of the first wave of the COVID-19 outbreak was presented to the Audit Committee Chairman.

Our ERM framework focuses on:

- Risks inventory;
- Risk control methodology;
- Risk mapping;
- Governance;
- Functional organisation.

URW has a Group-wide robust Risk Management programme providing reasonable assurance on levels of control. It remains oriented towards ongoing and continuous risk assessment and improvement in controls.

OVERVIEW OF GROUP ERM KEY RESPONSIBILITIES



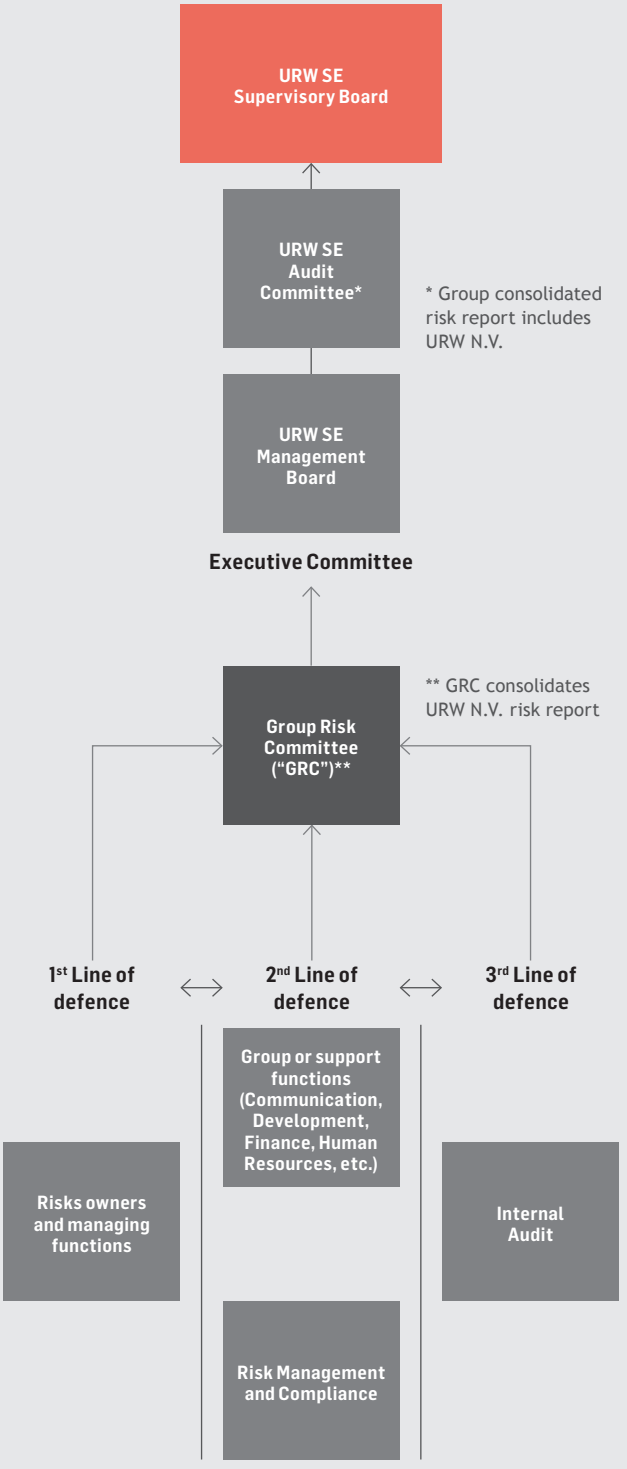
Governance continues to enhance and support the importance of ERM by establishing oversight responsibilities. URW has worked on the alignment and coherence of the Risk Management governance bodies, considering market best practices, regional and sector benchmarks and market investors' expectations.

On December 6, 2018, upon the recommendation of the Audit Committee ("AC"), the Supervisory Board ("SB") approved the Risk Management framework. In 2020, three AC and SB meetings related to risk management took place. To prepare for these meetings, four preparatory calls were organised with the AC Chairman and risk owners.

Risk factors and internal control

Risk management framework

The URW ERM framework and three lines of defence are organised as follows:



Overview of the three lines of defence in line with COSO ERM standards.

To detect main specific Group risks and design appropriate risk management measures in relation with any unique local consideration, the Group's ERM framework includes a local US Risk Management Committee.

The responsibilities of this local committee include:

- Support the development of a risk culture within the regions, promoting open discussion regarding risk and integrating Risk Management into the organisation and among employees;
- Providing input to management regarding the URW platforms' risk appetite and tolerance;
- Embedding ERM in all activities within the business;
- Discussing the identification and evaluation of risks with local risk owners;
- Supporting improvement in risk control, management measures and monitor action plans;
- Reviewing risk initiatives against the Compliance Book to align assessment and establish training priorities;
- Remaining aware of any material evolution of an existing risk or any new or emerging risk;
- Providing validation in preparation for review by the Group Risk Committee.

The Group Risk Committee ("GRC") handles risk monitoring at Group level. It is composed of the following senior executives:

Chief Resources Officer (Chairperson)

- Chief Financial Officer
- Group General Counsel
- Group Director of Security, Risk and Crisis Management
- Group Director of Internal Audit and Group Compliance Officer
- Head of Risk Management Europe
- Director Business Resilience & Risk Management US
- Risk Owners as required

The primary responsibility of the GRC is to oversee and approve the Group-wide risk mapping and key management measures and to assist the Management Board ("MB") in:

- Establishing that all executive teams have identified and assessed the risks that the Group faces in all regions where it operates and established a risk management system to address those risks;
- Validating the level of control over a given risk and, in conjunction with the MB and/or other internal committees, validating that such risks are in line with the Group's Risk strategy;
- Ensuring that the division of risk-related responsibilities for each risk owner is clearly defined, and that risk owners are routinely performing risk assessments and gap analysis to maintain awareness of all risks;
- Elevating to the MB and SB any emerging and developing risks.

To fulfil its responsibilities and duties, the GRC:
- Supports the development of a risk culture within the Group, promotes open discussion regarding key risks, integrates Risk Management into the organisation's objectives and compensation structure, and creates a corporate culture such that people at all levels manage risks rather than ignoring them or accepting them without proper risk analysis;
- Provides input to management and the Executive Committee regarding the Group risk appetite and tolerance;
- Monitors the organisation's risk profile (risk mapping);
- Approves the Risk Management policy and plan, which includes:
  - the Company's Risk Management structure;
  - standards and methodology applied to assess risks;
  - risk management measures (Risk Management guidelines);
  - training and awareness programmer or information.

The GRC duties and action plan are presented at least on a yearly basis to the MB, AC and SB.

The Risk Management Organisation reviewed the Group's key risks and associated action plans in collaboration with risk owners. Review and challenge of key risks by the AC and SB continues into 2021.

A description of the key risks monitored by this internal control system is outlined below. The GRC met four times in 2020. Its main achievements are:
- The review of the Group's risk mapping;
- The review of the first wave of COVID-19 impacts on the Group's 15 risks;
- The review and follow-up of action plans;
- The approval of a Group approach in terms of business continuity plans;
- The review and feedback of the first wave of COVID-19 Group crisis management response.

6.1.3 INTERNAL CONTROL SYSTEM

The Group's internal control system covers all of the Group's activities and geographies. It 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 operations comply with prevailing legislation, external regulations and URW's internal rules.

The Group's internal control system is in line with the general principles of the Internal Control System reference framework by the AMF (Autorité des Marchés Financiers: the French financial market authority) 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
- Segregation of duties between the execution and control.

The Group's control environment detailed in the Compliance Book for Governance, Organisation & Corporate Rules describes:
- The Group organisation structure: a matrix organisation with a double reporting line at corporate and regional levels, including the US platform;
- Governance for Unibail-Rodamco-Westfield SE and its subsidiaries as well as for Unibail-Rodamco-Westfield N.V. ("URW N.V.") and its subsidiaries;
- A framework of core processes and internal rules covering investment and divestment, development, leasing activities and support functions, notably Treasury and Human Resources;
- A Code of Ethics, reshaped in 2020, covering the Group's core values and rules of conduct, with particular emphasis on ethical behaviour, prohibition of corruption, conflicts of interests, confidentiality and transactions involving the Stapled Shares; and
- An Anti-corruption programme which includes among other things, a due diligence process before entering into business relationships with third parties.

In addition to the Compliance Book, the Group's control environment comprises:
- Job descriptions and an appraisal system based on performance targets;
- A set delegation of authority and responsibility rules and limits that span all the Group's activities and which should be finalised in the US;
- Specific procedures applicable at the corporate level and in the different regions where the Group is present; and
- Fewer formal instructions and recommendations that nevertheless form an integral part of the internal control system.

The internal control system assessment is carried out by the Group Internal Audit Department (composed of eight FTE located in France and in the US), which conducts regular assignments looking at all of the Group's business units in line with the annual audit plan approved by the MB and the SB.

The Group CEO or (the Chairperson of) the AC can also ask the Group Internal Audit Department to carry out '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 involved in the audit. A summary of audit findings is provided to the AC on a quarterly basis.

URW's Internal Audit Charter sets out the different missions of the audit function. To ensure its independence, the Internal Audit Department reports to the Group CEO and to the Chairman of the AC.

A description of the main risks monitored by this internal control system are set out hereafter.

6.2 MAIN RISK FACTORS

In accordance with European Regulation No. 2017/1129 of June 14, 2017 on the prospectus to be published in the event of a public offering of securities or with a view to the admission of securities to trading on a regulated market, risk factors presented, hereafter, are limited to specific risks of the Group and remain significant after application of the risk management measures.

Nevertheless, the risk factors discussed in this section are not exhaustive and there may be other risks, either potential unidentified or emerging/developing identified risks, or risks not specific enough to the Group and/or of which the occurrence is not considered likely to have a material adverse effect on URW, its operations, financial position and/or results, share price or guidance/outlook as at the date of filing of the Universal Registration Document. In addition, given the geographical scope of URW activities, the potential impact of a same type of risk may differ from one country to another.

The Group risk mapping is reviewed and updated, if necessary, on a recurring basis under the supervision of the Group Risk Committee. The Group risk mapping is discussed by the Audit Committee and the Supervisory Board.

6.2.1 RANKING OF THE MAIN SPECIFIC RISK FACTORS

The Group risk inventory, used for Group risk mapping, is composed of 15 Group-specific risks organised into five categories. The risks presented below are ranked within each category in descending order of impact to the Group (first ones being the most impactful) and probability.

This ranking is based on:
(i) the potential net impact corresponding to the potential (financial/legal/reputational) impact after risk management measures have been put in place (net impact), and
(ii) the potential net likelihood of the risk event, after risk management measures have been put in place (net likelihood).

This ranking, and specifically the likelihood, is the result of the Group management assessment performed through the ERM Framework described in Section 6.1.2 Group Enterprise Risk Management ("ERM") framework of the 2020 Universal Registration Document ("URD") and depends on the subjective assessments of management.

Legend used below:

Rating			
Net impact	●●● High net impact	●●○ Medium net impact	●○○ Low net impact
Net likelihood	■■■ Likely	■■□ Possible	■□□ Unlikely

Risk Factors categories	Risk Factors	Rating after risk management measures: Net impact	Rating after risk management measures: Net likelihood	Section
Category #1: Business sector and operational risks	Retail market evolution/disruption	●●●	■■■	6.2.2.1.A
	M&A, investment and divestment	●●●	■■■	6.2.2.1.B
	Leasing and commercial partnerships	●●●	■■■	6.2.2.1.C
	Development, design and construction management	●●●	■■□	6.2.2.1.D
	IT System and data: continuity and integrity	●●○	■■□	6.2.2.1.E
	Brand and reputation	●●○	■□□	6.2.2.1.F
Category #2: Financial and tax risks	Access to capital and financial market disruption	●●●	■■■	6.2.2.2.A
	Risk related to financial forecast and guidance	●●●	■■□	6.2.2.2.B
	REIT status and tax compliance	●●○	■□□	6.2.2.2.C
Category #3: Environmental and social responsibility risks	Recruitment, retention and succession plan	●●●	■■■	6.2.2.3.A
	Climate change and societal risks	●●○	■□□	6.2.2.3.B
Category #4: Security, health and safety risks	Terrorism and major security	●●●	■■□	6.2.2.4.A
	Health and safety	●●●	■■□	6.2.2.4.B
	Pandemic only	●●●	■■■	
	Natural disasters only	●●●	■■□	
Category #5: Legal and regulatory risks	Legal and regulatory	●●○	■■□	6.2.2.5.A
	Corruption, money laundering and fraud	●●○	■□□	6.2.2.5.B

6.2.2 DETAILED MAIN RISK FACTORS

6.2.2.1 CATEGORY #1: BUSINESS SECTOR AND OPERATIONAL RISKS

A. RETAIL MARKET EVOLUTION/DISRUPTION

As global developer and operator of commercial assets, any mid- to long-term deterioration in economic conditions with implications for the leasing market and/or investments may have a significant impact on the level of the Group's activities, the value of its assets, its results and its investment and development strategy.

As at December 31, 2020, the Group had a portfolio valued at €56,314 Mn of which 85% are in retail (87 Shopping Centres including 53 flagships in the most dynamic cities in Europe and in the US) presented in two continents and in 12 countries, welcoming 1.2 Bn visitors in 2019. Considering its real estate profile and exposure, the Group's results of operations and/or its core business strategy could be adversely affected by its inability to continue to lease space in its assets on economically favourable terms, to adapt its offer and customer experience to new trends and expectations, or to develop and implement new business models, or by tenant default. At a macro-economic level while "recent vaccine approvals have raised hopes of a turnaround in the pandemic later this year, renewed waves and new variants of the virus pose concerns for the outlook[1]". The International Monetary Fund ("IMF") has estimated a global growth contraction for 2020 at -3.5%[1]. Economists predict the global economy will grow 5.5% in 2021 and 4.2% in 2022[1]. The recovery is projected to vary significantly across countries, depending on access to vaccines, effectiveness of policy support, exposure to cross-country spillovers and structural characteristics entering the crisis. Analysts anticipated -6.5% in Continental Europe, -10% in the UK and -4.3% in the US of GDP (Gross Domestic Product[2]) decreases for 2020 and respectively predicts +3.9%, +3.3% and +3.7% in 2021. Society and consumption are also evolving very significantly (people will live, work and buy differently post-lockdown, and be more mindful of their choices, etc.). Analysts anticipate a 1.3% inflation rate in Continental Europe, 2.3% in the UK and 1.6% in the US of the CPI (Consumer Price Index[2]) for 2021. In addition, unemployment rates could significantly impact the Retail Market business, and analysts anticipate higher unemployment rates[2] for 2021 in Continental Europe (7.6%), in the UK (7.3%) and in the US (6.2%).

World-wide, the e-commerce business increased by 17% in 2019 and analysts predict an increase of 22% in 2020 compared to 2019 (respectively in Continental Europe by 17%, in the UK by 21% and in the US by 18%[3]).

It is difficult to predict the extent to which these trends will continue, even after the COVID-19 pandemic is neutralised, however analysts predict a slowing increase of e-commerce sales at world level in 2021 to 8%, in Continental Europe to 7%, in the UK to -2% and in the US to 9%[1].

Recovery paths vary within regions: the US is projected to regain 2019 activity levels in the second half of 2021, while Continental Europe and the United Kingdom activity is expected to remain below 2019 levels into 2022.[1]

However, the resurgence of infections at the end of 2020, in particular due to new variants of the virus emerging, the measures of lockdowns and curfews, the logistic difficulties of the vaccines distribution and the uncertain effects of its acceptance may modify these forecasts.

The value of the Group's real estate assets (calculated using the fair value method) is sensitive to variations in the appraisers' principal assumptions (yield, rental value, occupancy rates) and is, therefore, subject to material variations that may impact the Group. The rental income of some Group assets may depend on flagship stores/department stores and could suffer a material adverse impact if one or more of these tenants were to terminate their leases, fall into bankruptcy or equivalent scheme triggering financial impacts or fail to renew their leases, and/or their location were considered to lack attractiveness, and/or in the event of consolidation between these retail sector companies.

Overall, FY-2020 footfall figures were heavily impacted by the lockdowns and the restrictions imposed by governments. In all countries and because of 'work from home' recommendations, footfall was more heavily impacted in shopping centres situated in or close to business districts and/or connected to public transport hubs.

In Europe, FY-2020 footfall decreased by -37%. The UK was the most impacted country with -52% because of the centre locations, relatively strict restrictions and strong emphasis on working from home. In the US, due to data limitations, footfall is not available for all centres[4]. For those assets for which reliable data is available, weekly footfall in the fourth quarter when all centres had reopened, varied between c.52% and 62% of the previous year. The Californian centres in particular have been impacted by the "Regional Stay at Home Order".

As at December 31, 2020, 44% of the Group's European centres by value were closed, except for 'essential' stores, while all US centres were open.

As at February 10, 2021, 69% of the Group's European centres by value were closed, except for 'essential' stores and 52%[5] at Group level.

(1) Source: IMF, World Economic Outlook Update, January 2021.
(2) Source: European Commission, Bloomberg as at January 18, 2021.
(3) Source: Euromonitor E-Commerce Data.
(4) Only includes centres (20) for which at least one year of comparable Springboard of ShopperTrak data is available.
(5) By Gross Market Value ("GMV").

Risk factors and internal control
Main risk factors

Main Risk factors	Main Risk management measures
• Continued changes in the retail sector due to competition from online retail as well as demographic and cultural changes. Anchor department stores and many fashion retailers may change their brick and mortar strategies including store closures; • Inability to adapt to quickly changing shopper and retailer preferences, office and convention exhibition patterns and preferences, could negatively impact achieving leasing and revenue targets which could have an adverse impact on overall Group financial results; • URW's current strategy may fail to meet changing retail and real estate market conditions; • Competition with other participants in the real estate industry could have an adverse impact on Group income and its ability to acquire properties, develop land and secure tenants effectively.	The Group has put in place numerous measures to adapt to new consumer trends and attract them: • Annual research performed in each geography (Europe and the US) to understand and anticipate shifts in retail, demographic and cultural changes; • Merchandising and positioning assessments for each flagship asset to future proof the strategy of the asset and adapt the retail mix to new needs; • Close collaboration with retailers to understand their strategy; • Expansion of leasing into new types of tenants, including more Food & Beverage, Entertainment, Health & Wellness, Luxury as well as Digital native vertical brands DNVBs; • Dedicated redevelopment plan including development of event spaces, digital infrastructure and modular tenant spaces (white boxes for pop-ups); • Development of new delivery channels in response to sanitary restrictions/closing (click and collect area, "Drive@Westfield"); and "The Pass@Westfield" in all French Westfield shopping centres to help visitors plan their shopping by booking a slot at their favourite retailers (200+ participating tenants); • Continued development of shopper services to adapt to new customer expectations and shopper preferences; • Loyalty programmes and events in malls to enhance the customer shopping experience, secure URW's share of wallet and improve customer profiles and journey in the mall; • Disposal of non-core or non-competitive assets according to the divestment programme[1].

B. MERGERS & ACQUISITIONS, INVESTMENT AND DIVESTMENT

Part of URW's core business model is value creation through investment and divestment of assets. The profitability of these transactions depends on the accuracy of initial financial assumptions, market conditions (including available financing and investors' appetite), tax environment, quality and attractiveness of assets, and legal and regulatory considerations.

The Group may face a risk of illiquidity of the market which may imply inability to achieve the targeted timing for disposal and/or to obtain satisfactory pricing terms and/or not achieve the full execution of its disposal programme. The execution of the disposal programme may be subject to the satisfaction or waiver of JV partners approval and obtention of merger control approval. There is no certainty that these conditions will be satisfied or waived in the necessary timeframe and therefore disposal may be delayed or not complete.

In addition, a slowdown of the investment market or degraded market conditions as well as the potential for a prolonged global recession could negatively impact the availability of capital and may further challenge URW's ability to implement its disposal programme and/or to develop JV partnerships.

As at December 31, 2020, the evolution of the Group asset portfolio valuation reflects the impact of COVID-19: €65,341 Mn as at December 31, 2019, €60,350 Mn as at June 30, 2020, €58,334 Mn as at September 30, 2020, and €56,314 Mn as at December 31, 2020.

The COVID-19 pandemic may affect the attractiveness of URW assets that have been identified for divestment and have suffered a negative impact as investors may reassess their overall strategy and risk appetite. As the retail market remains under adverse pressure due to uncertainty related to COVID-19, appraisal values of Shopping Centres could be lowered.

If the asset disposal plan is not completed in due time or for the announced amount of proceeds, there may be an adverse impact on the reputation of the Group and/or the market price of the Stapled Shares due to amplified media scrutiny in connection with public announcement of the disposal plan.

Main Risk factors	Main Risk management measures
• Misalignment with Group strategy and incorrect underwriting (asset valuation and forecast); • Information leakage and market rumours; • Failure to execute the announced €4 Bn disposal plan.	• Group decision-making process closely involves the Management Board and Supervisory Board for major projects based on internal rules and corporate charters; • Project teams closely involved in the transactions in order to determine whether the transaction is worth investigating and pursuing. Legal, financial, technical and commercial reviews of these transactions are always presented to an Investment Committee for approval before any binding commitment; • Due diligence carried out with the assistance of external advisors; • Recurring strategic review between MB and SB to ensure full alignment on Group strategy.

For further information related to investments/divestments, please refer to Section 4.1.2 Investments/Divestments of the 2020 URD.

(1) Refer to 6.2.2.1.B – M&A investment/divestment risks.

C. LEASING AND COMMERCIAL PARTNERSHIPS

As a real estate company holding with one of the largest asset portfolios in the world, letting and rent collection is the core business of the Group. In an ever more complex economic environment the Group's ability to achieve leasing targets at the expected level of rent, and then collect rents depends on the solvency of its tenants (retailers).

The COVID-19 outbreak (designated as a pandemic by the World Health Organization on March 11, 2020) had varying levels of consequence on the Group's financial results depending on the number and size of the assets concerned and the scope and duration of the measures taken directly impacting the Group's assets segment (such as opening restrictions, total temporary closure of Shopping Centres and rental and costs postponement, as is the case in some countries where the Group operates). As at the date of filing of this Universal Reference Document the situation was still changing significantly. Please refer to Section 6.2.2.4.B.

The opening restrictions, temporary closure of Shopping Centres and venues, in addition to health and safety measures imposed in the countries where the Group operates have negatively impacted the retailers' sales and created a risk of a potential increase in retailer insolvencies and bankruptcies. The outbreak-related health and safety measures implemented are likely to have direct consequences on letting and rent and/or service charges collection by the Group, or standing leases renegotiations at the tenant initiative, which may have a significant adverse effect on its financial results depending on the number and size of the assets concerned, the scope and the evolution of the situation. As at January 31, 2021, 84% of invoiced FY-2020 rents and service charges had been collected in Europe and 70% in the US, representing 80% overall the Group[1]. The remaining 20% corresponding to 10% of rent relief granted to tenants and 10% of overdues or deferrals, out of which 7% are covered by provisions for doubtful debtors.

The resurgence of infections at the end of 2020, in particular due to new variants of the virus emerging, the measures of lockdowns and curfews, the logistics difficulties of the vaccines distribution and the uncertain effects of its acceptance may accentuate these trends. As at January 31, 2021, 56% of the January 2021 rents have been collected, impacted by lock-downs in a number of regions since the beginning of the year.

Main Risk factors	Main Risk management measures
• Improper management of rent relief, store closings, and tenant allowances (as at December 31, 2020, the Group estimates it is close to 90%[2] through the rent relief negotiation process in Europe, 87%[3] in the US. In total in Europe, the cash impact of rent relief for 2020 corresponds to 1.6 months, 2.1 months in the US. The Group granted a total of €313 Mn[4] of COVID-19 related rent relief); • Tenant financial insolvency/default and store closings (for the Group, as at December 31, 2020, tenant bankruptcies affected 652 stores representing 422,000 sqm of retail and 5.2% of the stores in the total URW's portfolio. In Continental Europe 322 out of 7,592 stores; in the UK 62 out 785 stores and in the US 268 out of 4,137 stores). The total accounts receivable[5] from the Group's tenants increased by +€92.2 Mn vs. December 2019; • Failure to achieve Group synergies in terms of leasing and commercial partnerships targets.	• Leasing targets (e.g. prices, deadlines and prospective tenants) are defined within each region of the URW Group in collaboration with a Group level team and approved by the Executive Committee. Major leases in terms of value and/or special terms and conditions must be internally approved in advance by Leasing Directors and Regional Managing Directors; • Regular meeting with leasing team and finance team members to review deals to ensure adequacy with Group strategy and strong internal control processes to approve allowances for tenants as well as levels of rent; • Group provided tenants flexibility on opening hours without applying contractual penalties; • Marketing campaigns around health and safety compliance; • Local frameworks to monitor solvency of new tenants and regular checks of existing tenant solvency; • Most tenants provide financial guarantees (deposit, first-demand guarantee or surety bond equal to a multiple of the monthly rent); • Robust debt collection process; • Constant review of the tenancy report (vacancies, tenants in distress, new deals, and lease expiration schedule over next three years). Development, Construction, Leasing, and Tenant Coordination; • Monthly meetings with Directors of Development, Construction, Leasing and Operating Management to monitor the progress of project completion and to adjust tenant space delivery schedules accordingly; • Implementation of a global International Leasing platform to develop the transcontinental sourcing/roadmap between Europe and US platforms.

For further information related to leasing and commercial partnerships, please refer to Sections 4.1.1 Business review of the 2020 URD.

(1) Based on cash collection as at January 31, 2021, and assets at 100%.
(2) As a percentage of MGR and includes tenants with financial terms agreed.
(3) Includes tenants with financial terms agreed.
(4) On a proportionate basis. €401 Mn at 100%.
(5) On a proportionate basis, including Shopping Centres, Offices & Others and C&E.

D. DEVELOPMENT, DESIGN AND CONSTRUCTION MANAGEMENT

As a developer, with a focus on continued differentiation and innovation strategy, URW has implemented a selective development policy focused on key iconic projects as a refurbishment pipeline in the office, shopping centre, hotel, residential, and Convention & Exhibition property segments. Moreover, the Group develops a mix-use development and densification of standing assets strategy. This development/extension/renovation pipeline involves significant investment of financial capital, human resources and senior leadership time and attention. It represents a huge opportunity in terms of capturing or protecting market share in the relevant competitive markets and of creating a flagship model to distinguish URW from the competition. Such a pipeline may, however, imply significant cost and potential inability to design appropriate assets and/or deliver in due time in compliance with the project business plan which would negatively impact the Group.

As at December 31, 2020, the development project pipeline amounted to €4.4 Bn with a total 0.7 million sqm of Gross Lettable Area ("GLA") to be re-developed or added to the Group's standing assets. 65% of the development project pipeline (€2,870 Mn) are committed (9+) projects for which URW owns the land or building rights, has obtained all approvals and based on which, such works have started. 35% of the development project pipeline (€1,520 Mn) are controlled (3+) projects in advanced stage of studies for which URW controls the land or building rights, and all required administrative authorisations have been filed or are expected to be filed shortly. There can be no assurance these will become 'committed' projects, as this will be subject to having obtained all required administrative approvals, as well as those of joint venture partners (if applicable) and of URW's internal governing bodies to start superstructure works. Besides these approvals, the Group retains the flexibility to decide to launch them, if and when appropriate. URW could, in particular, consider launching these projects with joint venture partners. €1.7 Bn has already been spent on committed projects and €0.1 Bn on controlled projects. For committed projects, €1.2 Bn is still to be invested, of which €0.4 Bn has been contracted.

Three projects representing a Total Investment Cost (TIC) of ca. €1.1 Bn (of which €0.9 Bn has been spent already) are scheduled to be delivered in 2021. The average pre-letting[1] stands at 87% for the retail deliveries and at 100% for the offices and others.

Main Risk factors	Main Risk management measures
• Ineffective development strategy, investment decision and approval process; • Failure to obtain required external authorisations; • Not reaching post-development leasing and revenue targets; • Failure to comply with the construction quality, costs and delivery date; • Inability to secure adequate funding for a project (through JV partner or other).	• Group's decision-making process for any investment decision for a development project; • The status of the project, its budget and returns are reviewed on a regular basis (quarterly by the Controlling Department/pipeline reviews and annual 5-year business plans by the Senior Management Team); • Process of restructuring of the US DD&C team to align with Europe model accelerated to be more agile and focused on disciplined processes and cost containment. On-going transition of business models for the US and the UK to come closer to Europe business models; • Accelerating plans to move towards more mixed-use projects; • Third-party specialist advisors and consultants are employed throughout the pre-development phase to assist in identifying potential hurdles with external stakeholders and developing action plans to successfully navigate the issue; • Employment of construction experts within its own organisation who ensure design specifications, control of construction and renovation costs comply with the Group's Environmental Quality Charter and any regulations applicable to owners; • Pre-orders of materials in anticipation of reopening and recommencement of construction activities in all locations after COVID-19 first wave; • Strong third parties claim management process. In addition, insurance policies cover Group responsibilities; • For projects developed with a JV partner, pre-development design and construction plans, pro-forma leasing estimates and returns, and construction time schedules are developed and shared with JV partners to increase the quality of the relationships, mitigate misalignment with JV partners and ensure successful funding of the project; • Clear communication to JV partners/stakeholders regarding any project delays during COVID-19 first wave to ensure a good relationship.

For further information related to the Development Pipeline, please refer to Section 4.1.3 Development Projects as at December 31, 2020, of the 2020 URD.

(1) GLA signed, all agreed to be signed and financials agreed.

E. INFORMATION TECHNOLOGY SYSTEM AND DATA: CONTINUITY AND INTEGRITY

To support URW Business & Digital objectives, the Group IT Department strongly partners with all business units to provide and maintain the technology to suit business needs. Overall, the Group IT Department provides more than 100 applications and supports more than 4,000 users throughout the Group.

As all business units strongly rely on IT, the latter is required to be continuously available and data must be protected at all times, from internal and external threats as well as accidental events.

In the event of such risk occurring within URW, these would lead to a partial or complete unavailability leading to process and activities disorganisation, and/or regulatory impacts (market regulation, personal data protection).

Main Risk factors	Main Risk management measures
• Cyber-risk and Inadequacy between IT and cyberthreats; • Unavailability of critical IT systems; • Incapacity to guarantee the integrity of data and reports generated by IT systems; • Inadequacy between IT and business needs/operations.	URW's IT risk management approach is largely based on: • Strong governance involving IT, Risk Management, Legal, Internal Audit, Business stakeholders and Management to review IT activities and investment, including a dedicated committee to also monitor cyber-risks on daily operations; • Information Systems Security strategy and technology designed and rolled out to prevent cyber-risks, detect security incidents, and respond quickly to remediate cybersecurity incidents; • Integration of cybersecurity aspects in all IT projects and contractual commitments with IT vendors; • A Group Cyber Crisis framework is in place, with specific response procedures in case of a major IT security event/crisis, and are linked to the GDPR/CCPA Data Breach notification process; • Regular IT audits are carried out to test our protective and detective measures; • IT Disaster Recovery Plan implemented, and tested, on a yearly basis.

F. BRAND AND REPUTATION

The Westfield brand and URW's reputation are valuable assets which provide competitive advantages with respect to consumers, retailers, investors, and prospective employees among others. Due to the new Group marketing strategy which included the implementation of a global "Westfield" brand for the Group's Flagship and other eligible assets, the Group has heightened awareness that any risk that potentially creates negativity or damages its reputation could negate these competitive advantages. Incidents such as terrorism and major security incidents, corrupt or illegal behaviour, breaches of trust or integrity, involvement in a controversial project, or a social media crisis (as at December 31, 2020 the Group's apps have been downloaded 2.8 million times and URW has 7.6 million followers on social media) are examples.

As at December 31, 2020, the Group operates 87 Shopping Centres including 53 Flagships and 39 Westfield branded assets. Consumer loyalty (representing more than 12+ Mn customers world-wide) could be impacted if, despite the health and safety measures in place, there are perceptions that URW Shopping Centres are not safe and clean or not in compliance with health and safety mandates. The brand could be further impacted negatively if large retailers with multiple staff were to face an outbreak within the Group's centres, as the public may perceive URW as being responsible. Retailer/client relations may impact the Group's reputation should it be inconsistent in dealing with requests for lease negotiations.

Main Risk factors	Main Risk management measures
• Inability to develop and maintain the Westfield brand success story in support of the global flagship strategy; • Failure to implement a clear, legal and responsible consumer data policy; • Failure to properly respond and manage crisis event on media, social network, etc.	• Globalisation of the marketing strategy with the Westfield brand leverage and marketing management at Shopping Centre level to facilitate the adaptation; • Focused and measured approach in place for the rebranding in Europe, definition of "50 attributes" to comply with the Westfield brand standard; • External agency for new creative development in Europe to develop a new creative campaign to establish the Westfield brand; • Data privacy GDPR and CCPA regulation or anti-corruption regulations covered by specific frameworks in place (see Section 6.2.2.5.A Legal and Regulatory risks); • Social media monitoring; • Communications campaigns during COVID-19 outbreak with "Kindness Together" in Europe and "Westfield Cares" in the US to support dozens of COVID-19 response initiatives; • Successful reopening marketing campaigns in two phases (#WorkingTogether and #BackTogether); • Corporate Communications team to manage communications with media and/or social media and support the Crisis Management team via a formal framework, policies and procedures; • Incident response plans, coupled with ongoing crisis management training exercises.

(1) Refer to Section 6.2.2.5.A Legal and regulatory risks of the 2020 URD.

6.2.2.2 CATEGORY # 2: FINANCIAL AND TAX RISKS

A. ACCESS TO CAPITAL AND FINANCIAL MARKET DISRUPTION (EN ATTENTE VERSION TRÉSORERIE)

Given URW's business model as a REIT and its current level of financial indebtedness following the 2018 Westfield Transaction (as at December 31 2020, €26,385 Mn)[1], URW faces recurring needs for (re)financing for its corporate purpose including funding for the development pipeline and construction activities, large-scale capital improvement and maintenance projects for standing assets, and other potential operational financing needs. As such, URW is exposed to risks related to the availability of funds due to volatility in credit markets, exposure to fluctuations in interest rates and foreign exchange (FX), and exposure to counterparty risk that could limit access to necessary funding, and which could negatively impact operations and financial results of the Group.

Restrictions imposed to prevent the spread of the COVID-19 virus (designated as a pandemic by the World Health Organization on March 11, 2020) has limited the operations of URW in several of its markets and impacted its cash flows. It also impacted the potential interest of investors for retail asset class.

In light of the evolving situation, URW had taken precautionary measures needed to ensure its access to liquidity. As at December 31, 2020, the Group had €2,138 Mn[2] in cash on hand and €9,240 Mn undrawn credit lines, which will be used to repay debt maturities coming due in the next 12-months.

Main Risk factors	Main Risk management measures
• **Rising cost of access to funds due to increase in spreads, change of rating, appeal of the company/its sector for investors (debt and equity) or banks, dramatic increase in interest rates, adverse currency exchange rate movements, or disruption and volatility of capital markets.** Notably, the Group is exposed to: • Interest-rate risks: - May have a significant impact on financial expenses; - Although the Group's exposure to variable rates is hedged through derivatives, these hedges could be insufficient or affect the valuation of derivative instruments. • The foreign exchange rate between the Euro and other currencies impact: - the value of operational and financial expenses, and thus overall asset value, when translated into euros; - the results and/or the statement of financial position of Group. As at December 31, 2020, the non-recurring financial result was impacted by -€574.3 Mn mainly due to the mark-to-market of derivatives and exchange rate losses resulting from the revaluation of bank accounts and revaluation of debt issued in foreign currencies, partially offset by revaluation of preference shares. URW recognizes the change in value of its derivatives directly in the income statement; - the Group's ability to meet its commitments in respect of those securities and, more generally, its commitments with respect to debt.	• The Group Asset & Liability Management Committee (ALM Committee) meets on a quarterly and ad hoc basis. It receives regular information on significant changes in the financial environment; • The ALM Committee defined the Group Treasury Policy implemented by the Group Treasury Department, which manages and monitors interest rate risk and foreign exchange risk; • The Group Treasury Department regularly provides a comprehensive report on the Group's interest rates, position, exposure to foreign currency, liquidity projections, compliance with bank loans and facilities covenants, availability under the Group's committed credit lines. It also proposes (re)financing or hedging operations (if applicable), and details of any (re)financing operations or transactions (hedging operations, share buy-backs, etc.); • Internal policies and procedures maintain a conservative approach to investments and risk mitigation is not allowing for speculative positions to be put in place; • The Group exposure to FX rates fluctuation is partly hedged by either matching investments in a specific currency with debt in the same currency or using derivatives to achieve the same risk management goal; • Robust internal procedure ensuring the segregation of duties between execution of market trading and control functions of such transactions.
To hedge part of this risk, the Group uses derivatives and debt in foreign currency. Such instruments may not hedge the underlying assets or activities perfectly, and as a result changes in the currency exchange and/or interest rates may have an impact on the cash flows, the results and/or the financial position. • **Market risks**, which can generate losses as a result of fluctuations in stock markets. The Group is either: - directly exposed to fluctuations in stock prices due to the ownership of shares or financial instruments, or - indirectly exposed to fluctuations in stock prices, due to the ownership of funds, investment instruments or share-based derivatives that are directly correlated with the price of the asset underlying such derivatives • The use of financing instruments on international markets exposes the Group to extraterritorial regulations may have a significant adverse effect on the Group's overall financial results.	

(1) On an IFRS basis. €28,324 Mn on a proportionate basis.
(2) On an IFRS basis. €2,270 Mn on a proportionate basis.

Main Risk factors	Main Risk management measures
• **Limited access to funds, in case of unfavourable capital market or URW credit deterioration** The Group's strategy depends on its ability to raise financial resources, either in the form of debt (mainly bank loans, bonds, credit lines and commercial paper) or equity capital, so that it can finance its general operating requirements and its investments. Certain events such as disruption in the debt or equity capital markets; a reduction in the lending capacities of banks; changes affecting the real estate property market or investor appetite for property companies; a downgrade in URW's credit rating; deterioration of URW's financial result; a decrease in EBITDA and operating cash flows; a decline of URW's assets valuation or a change in URW's ownership structure could affect/limit the ability of the Group to raise required funding, or could increase the cost of such funding and lead to an increase in the Group's financial expenses. In addition, some financing contracts are subject to financial covenants that require the Group to respect certain financial ratios levels (including Loan to Value (LTV), Interest Coverage Ratio (ICR), FFO/Net Debt and/or debt yield ratios among others) which may be affected by the occurrence of the Group's performance deterioration, adverse market movements, or other material adverse changes. Failure to comply with any of Group' financial covenants could result in an event of default, which, if not cured or waived, could accelerate the related debt and in some cases trigger a cross default, which could have a material adverse effect on the Group's debt, including potential default on URW's debt. With regards to the Group's ratings, on November 12, 2020, following the results of the Combined General Meeting (CGM) held on November 10, 2020, rejecting the "capital increase" component of the RESET plan: • S&P downgraded URW's long-term rating from "A-" to "BBB+" with a negative outlook while maintaining the Group's short term rating unchanged at A-2; • Moody's maintained the Group's rating at "Baa1" with the outlook being changed from "stable" to rating "under review for downgrade". On March 4, 2021, Moody's downgraded URW's long-term rating from "Baa1" to "Baa2" and changed the outlook from "rating under review for downgrade" to "stable". This rating action concluded the review process that was initiated on November 12, 2020.	• Sensitivity to liquidity risk is monitored in line with the Group Treasury policy defined by the ALM Committee; • The Group Treasury Department regularly provides a comprehensive report on the Group's liquidity projections, key financial indicators and availability under the Group's committed credit lines; • Regular monitoring of convenants; • Undrawn back-up facilities €9,240 Mn[1] as at December 31, 2020; • Regular dialogue with rating agencies with a proactive monitoring of credit metrics; • Active reduction of non-staff expense and defer non-essential capital expenditure; • Diversification of sources/counterparties.
• **Reliability of counterparties or failure to monitor and manage counterparty risk** Many major international financial institutions are counterparties to the interest rate and/or foreign exchange rate and deposits contracted by the Group. In case of the default by a counterparty, the Group could: • Lose all or part of its deposits; • Lose the benefit from hedges signed with such counterparties. This could then: • Result in an increase in interest rate and/or currency exposures; • Have a significant adverse effect on the Group, its results and its financial position.	• Credit monitoring of counterparty and minimum financial ratings thresholds as condition of continued transactions.
• **Risks related to liquidity crisis, Euro break-up, country default, or political instability** Considering its level of debt and of need for (re)financing, the following risks and their potential impacts could be detrimental to the Group and could negatively affect the markets and businesses in which the Group operates: • Credit liquidity crisis; • A sovereign debt crisis; • The exit of the Eurozone or the EU by a country where the Group operates (e.g. UK/Brexit). Those risks could also negatively affect: • The Group's operations and profitability; • The solvency of the Group and of its counterparties; • The value and liquidity of the securities issued by URW.	• Regular market monitoring and sensitivity analysis to assess liquidity, rates and FX risks; • Undrawn back-up facilities €9,240 Mn as at December 31, 2020; • Diversification of sources of funding/counterparties.

For further information related to financial markets please refer to Section 4.1.5 Financial Resources of the 2020 URD.

(1) Subject to covenants.

B. RISK RELATED TO FINANCIAL FORECASTS AND GUIDANCE

The unpredictable impact of the evolving COVID-19 situation and future health and safety measures adopted by governments or local authorities, as well as the extreme volatility of market conditions are likely to create or increase risks and uncertainties on the validity of the assumptions and estimates on which forecasts and guidance prepared by the Group are based and on the level of accuracy and precision of such forecasts and guidance. The COVID-19 pandemic has had a significant impact on economic and market conditions in 2020. While the on-going roll out of successful vaccines suggests that this crisis will pass, its impact is anticipated to continue at least throughout 2021.

As at February 10, 2021, approximately 52% of URW's shopping centres are restricted from trading except for 'essential' stores.

URW's operational results will thus clearly continue to be impacted by the pandemic in 2021. The impact is likely to include further rent relief to tenants, further disruption to variable revenue streams such as SBR (Sales Based Rent), Parking or Commercial Partnerships, a longer than usual time needed to re-lease vacant units (as at December 31, 2020, 5.6% in Europe, 13.1% in the US; 8.3% at Group level), and the prospect of further tenant bankruptcies. In addition, 2021 is a likely to remain a challenging year for the Group's Convention & Exhibition and airports businesses.

Given the uncertainty regarding the duration and the severity of restrictions decided by governments and their impact on the Group's operations, URW is not providing earnings guidance for 2021. Guidance will be provided when the Group has clearer visibility on lifting of restrictions and the subsequent economic recovery.

The resurgence of infections at the end of 2020, in particular due to new variants of the virus emerging, the measures of lockdowns and curfews, the logistic difficulties of the vaccines distribution and the uncertain effects of its acceptance may accentuate these trends.

Main Risk factors	Main Risk management measures
• Failure to release financial forecasts and predict accurate guidance.	• **Decision to not publish or withdraw a financial publication;** • Standardisation of KPI definitions for items such as net/gross rental income, net service charges, etc.; • Group Glossary developed to provide common definitions; • Quarterly Flash Report (QFR) and 5-Year Business Plans (5YBP) are reviewed by the Group Controlling Department; • Forecasts are systematically compared to the budget and reviewed with Operating • Managers and Shopping Centre Managers. Regular and harmonised reporting systems are documented to ensure the detection of deviations; • Dedicated Finance teams systematically review forecast vs. budget; • External third-party auditors review the financial results for compliance with IFRS and US GAAP accounting standards; • Analytical accounting reporting on each property, event and exhibition to monitor budget execution; • Multiple checks are carried out: verification of consolidation methods and resulting adjustments, reports of external auditors analysed and Group financial statements mare reviewed by the Statutory Auditors before being presented and explained to the Management Board, the Advisory Committee and ultimately to the Supervisory Board.

C. REIT STATUS AND TAX COMPLIANCE

As an international Group, URW is subject to various taxes in the countries in which it operates. URW's aim is to be in full compliance with all tax obligations worldwide in respect of all processes and transactions it undertakes. Considering its core business and activities, as a real estate company, URW benefits from a special status as "real estate investment trust" (REIT regime) for real estate investors in five countries in which it operates (France, The Netherlands, Spain, the UK and the US). While a REIT regime leads to a lower tax rate at the level of the REIT, as a result, a REIT is obliged to distribute most of its income, which is subsequently taxable for shareholders. To the extent that URW opts to make use of such regimes, it is obliged to meet local requirements, which differ per country. Moreover, further to the Westfield transaction, the expanded tax structuring complexity combined with the new stapling principle in place between URW SE and URW N.V. raise potential risks of failure to comply with tax requirements and/or to face challenge from/litigation with one or several local tax authorities.

Any failure to comply with the material tax requirements imposed by the local REIT regimes or any material change or loss of a local REIT regime could have a significant adverse effect on the Group, its results or financial position. Although REIT opponents are of the belief that shifting the tax obligation from shareholders (REIT) to the companies holding the real estate would increase tax revenues, URW's view is that it might well lead to lower tax revenues as it would shift a certain current tax on obligatory dividends to a less certain tax revenue at corporation level. The risk described is assessed as more prominent in some European countries, whereas REIT structures are viewed more favourably in the US where the focus is on proper income classification.

More generally, the high levels of debt that governments have incurred as a result of various public subsidy programmes in dealing with the COVID-19 crisis has resulted in significant budgetary deficits. As governments look to recover from these fiscal challenges, there is a risk of an increase in taxes generally.

Given the impact of the COVID-19 pandemic on the Group's 2020 results, the ongoing uncertainty of the 2021 operating environment and its impact on URW's results, as well as the Group's commitment to deleverage, the Group has announced on February 10, 2021, to suspend the payment of a dividend for its fiscal years 2020, 2021 and 2022. Based on the anticipated statutory numbers for URW SE for those years, the absence of a dividend would be compatible with the SIIC regime.

Main Risk factors	Main Risk management measures
• Loss of REIT status or other tax benefits due to external factors; • Improper interpretation and/or application of tax law and REIT requirements; breakdown of URW processes to follow tax law and REIT requirements; • Failure on tax determination, reporting, tax remittance (other than theoretical disagreement).	• Tax employees are experienced and in a process of continuous training in order to increase awareness of potential errors; • Risk assessment of the potential loss caused by changes in tax regulation; • The Group is member of EPRA (in the EU) and NAREIT (in the US) industry groups, which promote modern and predicable REIT regimes; • Active legal teams (both internally and through external counsel review) to monitor and anticipate potential changes in REIT regimes and/or regulations as well as any changes to tax laws generally; • Review of tax calculation accuracy through consistency tests and checks reviewed internally at the Group level and through external advisory firms; • Review tax prerequisites for deals to go to the Investment Committee and explore potential to add formal sign-off processes (potentially including the Investment process) to the Compliance Book; • Tax employees are in continuous dialogue with and provide training to local colleagues to monitor and review the characteristics of ongoing operations and transactions to ensure that the REIT income thresholds are adhered to.

For further information related to tax status, please refer to Section 5.2 Note 8 "Taxes" of the 2020 URD.

6.2.2.3 CATEGORY #3: ENVIRONMENTAL AND SOCIAL RESPONSIBILITY RISKS

A. RECRUITMENT, RETENTION AND SUCCESSION PLAN

Considering the very competitive talent market (including the very low unemployment rates in some local markets) as well as the need to retain talent and knowledge required for a successful integration, URW may face important risks related to recruitment, retention and succession of talents. In addition, to successfully implement its challenging strategy and achieve its announced targets in line with the Westfield transaction, the Group relies on its people. Insufficient and inadequate human resources or inability to attract or retain talented people could prevent the Group from reaching its objectives.

As at December 31, 2020, the overall recruitment rate was 10.3%, and the total number of departures was 981 people for a global turnover rate of 22.9%.

The Group is adapting the level of resources to the reprioritisation of projects and processes simplification the Group is making, leveraging as much as possible the natural turnover and recruitment freezes. The total amount of expected savings is c. €60 Mn.

The Governance changes in 2020 showed also that the Group relies on a solid internal succession plan, at the most senior level and throughout the Group.

Risk factors and internal control
Main risk factors

Main Risk factors	Main Risk management measures
• Failure to recruit appropriate talent to maintain strategic capabilities; • Failure to retain key employees; • Failure to set up and update a formal succession plan.	The Group Human Resources Department maintains its strategy to focus recruitment efforts on highly talented people with: • Developing and supporting URW's 'employer brand' in particular with an increased presence on social media; • Developing new way of working with adaptation to home office habits; • Providing tips and regular communications to employees during lockdown periods; • Maintaining (and expanding to the US and the UK) its highly successful graduate programme; • Monitoring continued attractiveness of compensation and benefits packages; • Partnering with the best head-hunting firms to regularly map best external talent; • Developing a strong cooptation programme (Coopt@URW); • Rolling out regular engagement surveys to design and implement relevant action plans to make URW a great place to work; • Designing and implementing ambitious people oriented policies on work life balance, Wellbeing, Diversity & Inclusion and Sustainable work environment ("Work Greener!"); • Providing permanent learning and development opportunities (e.g. international mobility, cross-functional mobility, rolling out of the URW Academy in the UK and the US); • New global Talent Review in place, including systematic 360° feedback for all employees, using the same framework and same tools across the Group; • New extensive Global Succession Planning process rolled out, to identify potential successors for all positions reporting to a Senior Management Team member, all positions reporting to a Regional Managing Director, all heads of key functions, and other selected key positions.

For further information related to Human Resources, please refer to Section 2.4.1 Empowering our people of the 2020 URD.

B. CLIMATE CHANGE AND SOCIETAL RISKS

Considering the size of its tangible assets portfolio, URW places climate change and societal risks at the heart of its strategy with an integrated commitment to reduce its carbon footprint. The Group has developed a global Corporate Social Responsibility (CSR) strategy based on environmental best practices, social fairness and transparent governance. URW's programme "Better Places 2030" aims to address the main challenges faced by the Group with its operational activities in all geographies.

As developer and operator of retail assets, URW is potentially impacted by climate change and societal risks. Indeed, each of URW's real estate assets is potentially exposed to damages caused by any potential impact of climate change including natural disasters as well as by any global local acceptability-related concerns for standing assets or development projects. For more details on natural disasters, please refer to 6.2.2.4.B Health and safety risks and to 6.3 Transferring risk to Insurers.

Main Risk factors	Main Risk management measures
URW may face new risks related to climate change and its corporate social responsibility (CSR) in several areas: • Non-resilience of assets facing climate change; • Limited availability and increase in price of fossil fuels; • Increased coercive regulation on building energy efficiency; • Not identifying/controlling pollution/hazardous materials in development and construction project; • Loss of access to green financing instruments and low ESG rating; • Contracting with services providers, suppliers or subcontractors not complying with regulations and standards of their profession; • Link to controversial activities of one or several tenants negatively affecting URW's brand and reputation; • Slowing local economic development and destroying local jobs (local acceptability); • Lack of budget for managing CSR risks or lack of steering/poor organisation for managing CSR topics.	• In 2019, the Group performed a global assessment of the assets in the Group portfolio (standing assets and development projects) exposed to natural disasters. Action and crisis management plans are in place to enable rapid response in the event of an incident. Moreover, in Continental Europe, an annual review is done on Health & Safety risks and environmental issues (see Section 6.2.2.4-B H&S risks); • Extensive public consultations held for all development and extension projects; • Building long-term partnerships with the territory's stakeholders (local residents, public authorities, and associations), frequent measurement of the social-economic impact of the Group assets (direct and direct employment) and "URW involved" programme; • Part of that process involves an assessment of the economic impact of the project and then a local acceptability assessment; • Environmental management system in place to improve environmental performance of assets, invest in energy efficient equipment when replacing existing facilities. URW uses energy performance contracts with suppliers and ensures engagement of tenants in energy/carbon reduction actions; • Promotion of recycling and programmes aimed at reducing waste; • Compliance with local hazardous waste disposal regulations; • Very ambitious CSR Strategy recognised as 'best in class' by investors and industry groups and supported by CSR metrics and indices.

For further information on the Global Corporate Social Responsibility policy, please refer to Section 2.1.2.2 CSR risks and opportunities of the 2020 URD.

6.2.2.4 CATEGORY #4: SECURITY, HEALTH AND SAFETY RISKS

A. TERRORISM AND MAJOR SECURITY INCIDENT

The core business of URW is based on 87 Shopping Centres in 12 countries open to the public with a significant footfall (around 1.2 billion visitors in 2019). As such, it is important that the Group maintain an appropriate level of safety and security to welcome customers. Additionally, the "Westfield" brand has been rolled out in Europe, which heightens the awareness of remaining vigilant in monitoring and mitigating as best as possible security and safety concerns on a global basis. The global brand, the iconic status of some assets as well as the Group's footprint in more exposed countries increase the level of threats on the Group assets.

Should a serious security, safety or terrorism event occur resulting in casualties or property damage, URW could experience a negative impact on operations, financial results, and brand and reputation.

By their nature, and despite the measures put in place by the Group independently, and in close cooperation with law enforcement in all countries, the Group property assets are potentially exposed to acts of terrorism and potential active shooter situations, which may have serious consequences. In addition, URW assets could be impacted by local social protests with reduction of footfall and impacts on assets operations. The activity and the footfall to an asset subject of an act of terrorism or some assets located in the country concerned would suffer variable consequences depending on the gravity of the event and the period of time.

While the threats of a terrorist attack are highest in the UK and Continental Europe, the risk of an active shooter is most likely in the US.

Main Risk factors	Main Risk management measures
• Failure to develop and implement a security programme that: (i) remains aware of terrorist threats or other major security concerns - including active shooter; (ii) mitigates the impact of a major security incident including terrorist attack/active shooter event; • Failure to develop and implement an effective corporate crisis response programme.	• Dedicated Group organisation for security and crisis management (Group Security and Crisis Management Committee); • Global security governance and guidelines (including development projects), security policies and procedures implemented at all locations with appropriate physical security measures and access control; • Local security referents network to manage and standardise the Group's practices in line with local regulations; • Routine interaction with counter-terrorism, national intelligence services, and local law enforcement to remain aware of emerging terrorist threats or other security concerns; • Shopping Centres conduct terrorist attack/active shooter crisis response exercises in collaboration with law enforcement; • Incident notification/escalation process and global alignment of crisis response plans; • Crisis management handbook and emergency response plans in place and shopping centre management and security teams trained in crisis response; • Implementation of guidelines and security policies that allow URW to be as responsive as possible with knowledgeable professionals.

B. HEALTH AND SAFETY (H&S) (INCLUDING PANDEMIC AND NATURAL DISASTERS)

As real estate owner, URW has responsibility for ensuring the safety and wellbeing of shoppers, retailers vendors, and employees. URW has an important footfall per year (around 1.2 billion visitors in 2019). This means maintaining proper building and equipment maintenance protocols to minimise the risk of injury or illness, protect the environment and mitigate the impact of unexpected events on the building and on business continuity.

Each country where URW operates has a specific set of health and safety laws and regulations. Developing and implementing an effective compliance framework, monitoring and complying with new or evolving HSE laws and regulations, and ensuring compliance with Group HSE policies is of critical importance in managing this risk. In Europe we accomplish this primarily through a third-party audit with expertise in health and safety and with internal teams in the US.

In certain regions in which URW operates the Group has significant exposure to natural catastrophes - e.g. earthquakes in California, hurricanes in Florida and flooding in the Netherlands. For assets potentially exposed to natural disasters, emergency response plans are defined by the local management team with support by regional and corporate teams[1].

(1) Natural disasters are marked/ranked ●●● due to significant exposure to natural disasters in some geographies of operation combined with level of uninsured risks in those countries (impacts of local limitations/exclusions/caps in insurance coverage) refer to Section 6.3 Transferring risks to insurers.
(2) Weighted by shopping centres' NRI in 2019.
(3) Weighted by shopping centres' NRI in 2019, closing periods until December 31, 2020, only (not counting days in 2021).

Risk factors and internal control
Main risk factors

COVID-19 related specific risk:

As the assets owned and managed by URW are places open to the public in significant numbers, in the event of a pandemic, they are significantly exposed to significant risks.

In the context of the COVID-19 pandemic (designated as a pandemic by the World Health Organization on March 11, 2020), the Group has business continuity plans managed by a dedicated team in order to anticipate, and if necessary, lead the Group's response in terms of human resources management, operational management, business continuity, compliance and communication. Precautionary measures are taken based on government recommendations, to which specific measures may be added, including prioritising the protection of customers, tenants, providers and employees of the Group. Communication on the measures adopted is provided to customers, tenants, service providers, Group employees and other relevant stakeholders, as necessary.

The Group's Convention & Exhibition division has been negatively impacted with lockdown measures imposed by the French government prohibiting gatherings, meetings or activity in places and lockdown measures in France. As at December 31, 2020, 383 events were cancelled (of which 151 exhibitions, 60 congresses, 153 corporate events and 19 live shows) and 26 events had been postponed to 2021 (of which 4 exhibitions, 10 congresses, 11 corporate events and 1 live show). Consequently, as at December 31, 2020, the value of the Convention & Exhibition division decreased by 9.6% on a like for like basis. The turnover decreased by -93.6%. The Group's Convention & Exhibition division's EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) amounted to €12.1 Mn compared to €156.9 Mn in 2019. The decrease is entirely attributable to the impact of COVID-19.

Q1-2021 is expected to be without activity given the curfew in France and restrictions for congress and exhibitions venues with only exams authorized. In H1-2021, uncertainties remain, including various show cancellations (e.g. the International Agriculture show, the January edition of Maison & Objet). Currently, the Group expects a restart of activity in Q4-2021/Q1-2022. The Group's offices division is not directly affected at this point, but the new home working trend and potential drop of economic activities may have negative impact on mid-term.

The consequences of the COVID-19 outbreak remain difficult to determine as to their magnitude, taking into account the different variables in each of the countries in which the Group operates. During the first half year 2020, on average, the Group's shopping centres were closed for 67 days[(2)]. In the US, over the first half, on average the Group's shopping centres were closed 85 days[(2)].

On average, the Group's shopping centres were closed for 26 days[(3)] in the second half. The resurgence of infections at the end of 2020, in particular due to new variants of the virus emerging, the measures of lockdowns and curfews, the logistics difficulties of the vaccines distribution and the uncertain effects of its acceptance may accentuate the impacts.

This pandemic has and will continue to have effects on the Group's financial results considering the number and size of the assets concerned, the scope of the measures taken directly impacting the Group's assets (such as opening restrictions, temporary total or substantial closure of Shopping Centres and postponements or cancellation of rents, the difficulties encountered in the collection of rents and charges and potential further measures), unilateral decisions by tenants to reduce or cease their operations, containments measures and duration of such measures and the cumulative effect of the impact of the business.

As at December 31, 2020, 44% of the Group's European centres by value were closed, except for 'essential' stores, while all US centres were open.

As at February 10, 2021, and following to the outbreak of the COVID-19 pandemic, the authorities in many countries where the Group operates imposed restrictions on the opening of its Shopping Centres. Except for select 'essential' retails, or those able to offer curb side pickup of fulfil delivery order from the store, the tenants in the Group's centres were unable to trade for the period in the table below. In addition, even in those regions in which there were no mandatory shutdowns, or when Shopping Centres were allowed to reopen, not all retailers continued or restarted operations.

As at February 10, 2021, approximately 52%[1] of URW's shopping centres (69% in Europe) are restricted from trading except for 'essential stores'.

Country	Restrictions lifted
Austria	**Specific restrictions by activity:** -> 02/05/2020 to 14/05/2020: F&B. (Entertainment and Hotels to 29/05/2020). -> 03/11/2020 to TBC: F&B, Entertainment, Fitness and Hotels closed.
	Other restrictions: -> 03/11/2020 to TBC: Curfew from 6 pm to 6 am.
Czech Republic	**Asset closure periods (except essential stores*):** -> 15/03/2020 to 11/05/2020 -> 22/10/2020 to 02/12/2020 -> 27/12/2020 to 14/02/2021**
	Specific restrictions by activity: -> 15/03/2020 to 25/05/2020: F&B and Entertainment closed. -> 09/10/2020 to 21/10/2020: F&B and Entertainment had to close at 8pm. -> 09/10/2020 to 28/02/2021: Cinemas closed. -> 18/12/2020 to 14/02/2021**: F&B and Entertainment closed.
	Other restrictions: -> 28/10/2020 to 31/12/2020**: F&B and Entertainment closed.
Denmark	**Asset closure periods (except essential stores*):** -> 18/03/2020 to 11/05/2020 -> 17/12/2020 to 28/02/2021**
	Specific restrictions by activity: -> 18/03/2020 to 11/05/2020: F&B closed, until 20/05/2020 for Cinemas. -> 09/12/2020 to 28/02/2021**: F&B, Entertainment and Fitness closed.
France	**Asset closure periods (except essential stores*):** -> 17/03/2020 to between 11/05/2020 and 30/05/2020 -> 30/10/2020 to 28/11/2020 -> 31/01/2021 to TBC
	Specific restrictions by activity: -> 17/03/2020 to 02/06/2020: F&B closed and to 22/06/2020 for Cinemas. -> 30/10/2020 to 28/02/2021**: F&B, Entertainment and Fitness closed.
	Other restrictions: -> 17/10/2020 to 29/10/2020: curfew from 9 pm to 6 am. -> 28/11/2020 to 16/01/2021: curfew from 8 pm to 6 am. -> 17/01/2021 to 21/02/2021**: curfew from 6 pm to 6 am.
Germany	**Asset closure periods (except essential stores*):** -> 16/03/2020 between 20/04/2020 and 04/05/2020. -> 16/12/2020 to 07/03/2021**
	Specific restrictions by activity: -> 16/03/2020 to 11/05/2020: F&B closed. -> 02/11/2020 to 07/03/2021**: F&B, Entertainment and Fitness closed.
	Other restrictions: -> 16/12/2020 to 07/03/2021**: Curfew from 8 pm to 5 am.
The Netherlands	**Asset closure periods (except essential stores*):** -> 15/12/2020 to 02/03/2021
	Specific restrictions by activity: -> 15/03/2020 to 01/06/2020: F&B closed. -> 14/10/2020 to 09/02/2021**: F&B closed.
Poland	**Asset closure periods (except essential stores*):** -> 14/03/2020 to 04/05/2020 -> 07/11/2020 to 27/11/2020 -> 28/12/2020 to 31/01/2021
	Specific restrictions by activity: -> 14/03/2020 to 18/05/2020: F&B closed. -> 15/10/2020 to TBC: Fitness closed. -> 07/11/2020 to TBC: F&B and culture closed.

(1) by GMV (Gross Market Value).

Risk factors and internal control
Main risk factors

Sweden	**Other restrictions:** -> 29/10/2020 to TBC: Footfall limitation in F&B and Cinemas. -> 16/11/2020 onwards: "rule of 8", with flow on impact to some sectors (Cinemas for instance).
Slovakia	**Asset closure periods (except essential stores*):** -> 16/03/2020 to 20/05/2020 -> 24/10/2020 to 01/11/2020 -> 19/12/2020 to TBC
	Specific restrictions by activity: -> 15/10/2020 to TBC: F&B and Cinemas closed.
	Other restrictions: -> 02/11/2020 to TBC: day curfew from 5 am to 1 am for the ones without negative PCR.
Spain - Catalonia	**Asset closure periods (except essential stores*):** -> 15/03/2020 to 08/06/2020 -> 30/10/2020 to 14/12/2020 -> 07/01/2021 to 07/02/2021**
	Specific restrictions by activity: -> 15/03/2020 to 08/06/2020: F&B closed. -> 20/10/2020 to 01/12/2020: F&B closed. -> 30/10/2020 to 07/02/2021**: Cinemas in shopping centres closed. -> 21/12/2020 to 07/02/2021**: F&B in shopping centres closed.
	Other restrictions: -> 30/10/2020 to TBC: Curfew from 10 pm to 6 am.
Spain - Madrid	**Asset closure periods (except essential stores*):** -> 15/03/2020 to 08/06/2020
	Other restrictions: -> Selective closure of districts in November and December (only affected Equinoccio). -> 21/09/2020 to 08/02/2021**: Varying restrictions on F&B capacity and hours. -> 25/10/2020 to 08/02/2021**: curfew between 10-12 pm to 6 am.
Spain - Valencia	**Asset closure periods (except essential stores*):** -> 15/03/2020 to 01/06/2020
	Specific restrictions by activity: -> 28/01/2021 to 14/02/2021**: F&B closed.
	Other restrictions: -> 25/10/2020 to 14/02/2021**: Curfew between 10-12 pm to 6 am.
Spain - Basque Country	**Asset closure periods (except essential stores*):** -> 15/03/2020 to 25/05/2020.
	Specific restrictions by activity: -> 06/11/2020 to 12/12/2020: F&B closed.
	Other restrictions: -> 06/11/2020 to TBC: curfew for stores at 9 pm. -> 25/10/2020 to 28/02/2021**: Curfew between 10-11 pm to 6 am.
UK	**Asset closure periods (except essential stores*):** -> 26/03/2020 to 15/06/2020 -> 05/11/2020 to 02/12/2020 -> 20/12/2020 to 22/12/2021**
	Specific restrictions by activity: -> After the first lockdown ended on June 15, F&B and Cinemas opened on July 4, Fitness from July 25 and Bowling and Casinos from August 15.
	Other restrictions: -> During certain times (based on the Tier system operating outside of full lockdowns) capacity restrictions have applied to sectors such as F&B and/or limited the ability of people to meet those outside their household.

US	**Asset closure periods (except essential stores*):** **California** -> 19/03/2020 to (between 22/05/2020 and 15/06/2020) -> 13/07/2020 to (between (31/08/2020 and 07/10/2020) **New York** -> 19/03/2020 to between 15/07/2020 and 09/09/2020 (for Westfield World Trade Center) **New Jersey** -> 19/03/2020 to 29/06/2020 **Florida** -> 19/03/2020 to between 15/05/2020 and 29/05/2020 **Maryland** -> 19/03/2020 to 23/06/2020 **Washington State** -> 19/03/2020 to 15/06/2020 **Connecticut** -> 19/03/2020 to 20/05/2020 **Illinois** -> 19/03/2020 to 10/06/2020
	Specific restrictions by activity: -> Operations of F&B, Entertainment, Fitness and Salons have been restricted at various time dependant on both state and local county rules.
	Other restrictions: -> In most states (except Florida) capacity restrictions for indoor malls have been introduced during the second half, with a limit of between 25 and 50% of standard capacity.

* 'Essential stores' definition differs by country, but mainly comprises food, administrative services and pharmacies.
** Most recently announced date, subject to change or extension.
Note: 'TBC' indicates that no date has been communicated (as at February 10, 2021).

Main Risk factors	Main Risk management measures
• Failure to implement effective strategies that seek to minimise, prevent, and mitigate life safety incidents; • Failure to implement processes that may mitigate and manage the impact of any natural disaster (earthquake, flooding and uninsured risk); • Injury or loss of life due to failure to comply with sanitary, health and safety regulations.	**For Europe Portfolio** • Annual third-party audit conducted on assets to verify regulatory compliance with health and safety laws and regulations; • Qualified external advisors/contractors with up-to-date knowledge of the assets and of local regulation validate compliance with regulations; • External Audit by Bureau Veritas (third-party vendor) with the assistance of epidemiologists based on latest recommendations of health authorities; • Label "Safe and Healthy Places" for 50 assets of the European Portfolio; • Internal documentation processes to justify the compliance with sanitary protocols; • Regular (weekly or bi-monthly) external reviews of compliance with sanitary protocols by bailiffs or external legal counsels. **For US Portfolio** • Verification that contractors' health and safety procedures are appropriate and that their staff have the proper licenses, equipment and training; • External Audit by Bureau Veritas (third-party vendor) with the assistance of epidemiologists based on latest recommendations of health authorities; • Certification "SafeGuard" of 26 assets of the US Portfolio by Bureau Veritas on latest recommendations of health authorities; • Centre management conducts routine property tours and identifies hazardous conditions and implements corrective actions; • Maintenance and inspection conducted by third-party contractors of all relevant equipment subject to regulation; • Internal documentation processes to justify the compliance with sanitary protocols; • Fire safety systems are routinely inspected as required by local fire regulations; Corporate and Construction Health and Safety policies incorporate regulations and are based on industry-accepted best practices in the absence of a specific governing regulation.

Main Risk factors	Main Risk management measures
• Periodic review on prevention/protection plans and risk mitigations for the most exposed assets.	**Natural disaster[1]:** • Periodic assessment of European and US assets most exposed to natural disasters (flooding, storms and earthquakes) to validate response plans; • Insurance brokers routinely conduct a 'catastrophe loss expectancy analysis' for the catastrophic perils of flood, hurricane and earthquake that provides guidance as to the potential cost associated with damages from any one event, and which is used in the selection of limits of insurance purchased; • French and Spanish assets are covered for 100% of their insured values according to the local regulation; assets in other EU regions are covered with a limit of €200 Mn per country and in the aggregate annually for natural disasters; specific sub-limit of €25 Mn for flood damages in The Netherlands, due to insurance market limitation; US assets are covered against hurricane damage with a limit of $1.35 Bn in the annual aggregate, against flood with a limit of $500 Mn in the aggregate against earthquake with a limit of $500 Mn in the annual aggregate, sub-limited to $400 Mn for California and $250 Mn for Pacific Northwest, due to insurance market limitations; • Periodic review on prevention/protection plans and risk mitigations for the most exposed assets; • Each centre in a natural catastrophe zone conducts emergency preparedness drills each year.

(1) For further details please refer to Section 6.3 Transferring risk to the insurers.

6.2.2.5 CATEGORY #5: LEGAL AND REGULATORY RISKS

A. LEGAL AND REGULATORY

URW operates in highly regulated countries. Moreover, operations also require to comply with a myriad of laws and regulations related to the URW Group activities in areas such as leasing, asset and property management, various licensing and permits, construction and maintenance, health and safety, personal data privacy, financial and securities markets, and anti-trust regulations, as well as with some extraterritorial regulations. As such, the risk of failing to comply with applicable laws and regulation may result in regulatory investigation, negative reputational impact and/or could result in fines and penalties, damages, the loss of licenses, and/or any potential legal action. URW also operates in highly litigious countries, where the Group is potentially exposed to the risk of major litigations, including class actions. Finally, the Group may face regulatory investigations.

The countries where the Group operates have implemented a series of exceptional measures to deal with the COVID-19 pandemic in a wide variety of legal and regulatory areas affecting (among others) businesses' activities, employment, real estate, and health and safety matters. As such, the Group has to comply with a new and evolving set of laws and regulations increasing the risk of breach, which may result in regulatory investigation, negative reputational impact or could result in fines, penalties and/or any potential legal action. Moreover, tenants and providers may try to challenge existing contracts to exit or to reduce on limit contractual obligations including financial.

In the course of its activities, the Group collects and processes diverse personal data from customers, employees, business partners and service providers. The Group is subject to data protection laws such as the General Data Protection Regulation (GDPR in Europe) and the California Consumer Protection Act (CCPA in the US). Failure to protect this personal data could result in fines and penalties as well as negatively impacting the Group's reputation.

The COVID-19 crisis management and the measures implemented by the Group may be challenged by stakeholders, particularly in highly litigious countries where the Group is potentially exposed to the risk of major litigation, including class actions. At the date of this document, there are no notified class actions or significant complaints related to breaches in sanitary protocols and no action against the management of the crisis.

Main Risk factors	Main Risk management measures
• Non-compliance with laws and regulations at governmental, federal, state, province, local country or sector level.	• Deployment of the Group's legal policy, a set of internal procedures and standard forms to secure contractual frame, reduce litigation exposure to protect Group interests and ensure compliance with applicable regulations; • Legal Department organisation around (i) three geographical platforms (Continental Europe, UK, US), and (ii) a Group Legal Support (corporate and security law, data & brand protection); • Comprehensive legal training on complex or new regulations to raise awareness and develop learning curve from pending litigation; • External advisors and law firms provide constant updates on both emerging legislation and recent case law on specific matters; • Group in-house lawyers are specialists in jurisdictions in which the Group operates and set the network of external counsel and experts as required; • Through its action within the various national professional organisations, the Group endeavours to anticipate any legislative initiatives likely to have an impact on its business.
• As a publicly traded global company URW is required to comply with various stock market/exchange regulations and requirements with respect to full and proper disclosure and transparency to provide clear, real and objective information.	• The Market Abuse Regulation (MAR) related to insider trading is detailed in the URW Insider Trading Rules procedure, setting out common principles applying to the qualification of inside information, the disclosure of such information, trading bans during pre-defined periods of time and disclosure requirements for designated persons. • A Group Disclosure Committee (GDC) is responsible for qualifying inside information if any.
• In the course of its activities, URW collects and processes diverse personal data from customers, employees, business partners and service providers. Failure to protect this personal data could result in fines and penalties as well as negatively impacting URW's reputation.	• The Group has developed and updated a robust and effective Data Privacy Protection programme to comply with GDPR (EU) and the California Consumer Protection Act (CCPA) (US); • Appointment of one Head of Group Data & Brand Protection, Data Privacy Officers and Local Data Protection Correspondents network set up, as well as a Group Data Protection Committee; • Organisational and technical processes: retention period policy, data breach notification process, update of the employee privacy policy. IT Security Department included in the framework; • Group wide e-learning training on GDPR and CCPA for each employee and specific trainings for business population (marketing, IT, HR); • Signature of data processing agreement with major IT contracts service providers; • Processes and registers were implemented.
• Failure to prevent or mitigate material negative impact of any regulatory investigations and/or litigation: in the normal course of URW's business activities, the Group could be subject to legal, administrative, arbitral and/or regulatory proceedings.	• Set out an escalation process; • Internal alert process to inform the Group General Counsel, recurring reporting on (potential) material litigations and escalation process for litigation strategy; • Claim management process for development projects; • Set of preventive internal programmes to comply with the main applicable regulations and effectiveness review on a recurring basis; • "Dawn raid" policy for any unexpected on-site investigation.

B. CORRUPTION, MONEY LAUNDERING AND FRAUD RISKS

URW conducts its core business in 12 countries and drives its real estate activity with a wide variety of stakeholders, business partners, and other intermediaries and government authorities. Due to the nature of URW's business activities and relationship with business partners, as well as its wide geographical scope of operations, URW faces numerous stringent international and national anti-bribery, corruption, money laundering and fraud laws and regulations.

Main Risk factors	Main Risk management measures
Non-compliance with international/national anti corruption and influence peddling regulations: • As a global company, URW must comply with the highest standards in this particular field and also with anti-corruption regulations such as the French Sapin II law, the Foreign Corrupt Practices Act (FCPA) (US) or the UK Bribery Act (UKBA) (UK). Failure to comply with anti-corruption regulations and lack of transparency can lead to: material reputational damages; financial, administrative or disciplinary sanctions; and may have a negative impact on investors' trust; • Non-compliance with international/national anti-money laundering laws; Failure to prevent and detect fraud against URW: the Group could be exposed to attempted fraud (identity theft for example); or embezzlement in the course of its business.	• A rigorous 'zero tolerance' principle based on an effective Anti-Corruption Programme (ACP) applicable in all entities controlled by the Group based on the 8 pillars of the French Sapin II law. In addition, the ACP incorporates provisions of international conventions and national laws and regulations applicable to the Group's business activities; • An alert system (whistleblowing procedure) supported by an external hotline is in place within the Group; • Interactions with public officials and business partners are monitored by a "Know Your Partner" procedure to ensure compliance of third parties with the Group's ACP; • Local Compliance Correspondents support the coordination of the ACP and manage processes and procedures in each region; • Dedicated classroom training for most exposed departments and an e-learning module available to all URW staff describing the general principles related to the prevention of corruption, bribery and influence peddling; • The Group has implemented a secure payments procedure and has formalised the rules for opening, changing and closing bank accounts; • Awareness of fraud scenarios is raised in departments throughout the year and illustrated by real cases; • In the case of attempted fraud, the Group Compliance Officer systematically shares the information via email with all concerned employees, including a reminder of preventive procedures.

6.3 TRANSFERRING RISK TO INSURERS

The Group is covered by insurance programmes, which are underwritten by leading insurance companies located in various markets (Europe, the US and the UK).

These programmes are actively monitored by the Group Insurance Department in liaison with local teams and insurance brokers in each country.

Under the property damage and terrorism programmes, all the Group's property assets are insured, for their reconstruction value as well as for business interruptions and loss of rent subject to limitations of coverage with respect to natural catastrophe risks due to limited insurance market capacities (for more details, refer to the table below). All assets are regularly assessed by internal or external property insurance valuers.

In accordance with insurance market practices, property damage insurance program requires physical damages to trigger a coverage of financial loss or business interruption. For pandemic, in the current legal and contractual, such cover is not granted and not available on the insurance market.

Under the insurance programme, French and Spanish assets are insured against terrorism 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 countries are insured against terrorism under a dedicated programme that includes a limit per claim based on the asset that has the highest insured value with respect to rebuilding cost and loss of rent.

The Group has also taken out general liability insurance policies that cover financial damages resulting from third-party claims.

Type of insurance	Coverage and main limits based on 2020 Group insurance programmes
Property damage and loss of rent/business interruption	Coverage: 'all risks' basis (subject to named exclusions) and terrorism. Basis of compensation: • Reconstruction costs for building, replacement cost for equipment; • Loss of rent or business interruption with a compensation period of between 12 and 60 months depending on the asset. Limits of compensation: • Continental Europe: - Earthquake: limit of €200 Mn per country in the annual aggregate, - Flood: limit of €200 Mn per country in the annual aggregate sub-limited to €25 Mn in the annual aggregate for The Netherlands (dike failure is excluded which is market practice), - These above sub-limits do not apply for assets located in countries where compulsory national insurance mechanisms exist: *Régime catastrophes naturelles* in France and *Consorcio de Compensación de Seguros*, in Spain, - Terrorism: limit of €900 Mn per occurrence covering damages and loss of rent/business interruption following a terrorist attack, except French and Spanish assets which are insured for their full values according to *Gareat* in France and *Consorcio de Compensación de Seguros* in Spain; • The UK: limits are based on the declared values per occurrence covering all damages and loss of rent/business interruption, including terrorism events. The programme includes sub-limits; • The US: limit of $1.35 Bn per occurrence covering all damages and loss of rent/business interruption including terrorism events. The programme includes sub-limits notably for natural catastrophe risks. The Group insurance brokers complete a detailed loss estimate analysis on natural catastrophe exposures. This information is used in determining the amount of insurance purchased for the perils of earthquake and windstorm/hurricane.
	- Earthquake: the overall programme sublimit for earthquakes is $500 Mn per occurrence and annual aggregate subject to additional inner sub-limits of: - Sub-limit of $400 Mn for California earthquakes: this limit applies to all locations in California. A retention per location of 5% of total insured values would be applicable; - Sub-limit of $250 Mn for Pacific Northwest earthquakes: this limit applies to SouthCenter in Tukwila, WA. A retention per location of 3% of total insured values would be applicable; - Windstorm/hurricane: limit of $1.35 Bn in the annual aggregate. A deductible of $50,000 per location would be applicable, except for assets located in Florida where a retention per location of 5% of the total insured values would be applicable; - Flood: sub-limit of $500 Mn in the aggregate with $500,000 deductible per location for properties in designated flood zones. In the US in particular, the combination of the concentration of a large number of assets in the same area with a high exposure to natural catastrophe risks and the limited capacity available from insurers to cover these risks exposes Unibail-Rodamco-Westfield SE and its controlled subsidiaries to retain a significant share of these risks as uninsured.
General civil liability	Coverage: 'all risks' basis (subject to named exclusions) for damage caused to third parties up to €500 Mn per claim. The programmes include sub-limits, for example to cover liability claims following a terrorist attack.
General environmental liability	Coverage for damage caused to third parties up to: • Continental Europe: - For accidental pollution: limit of €13 Mn per claim and annual aggregate, - For gradual pollution: limit of €3 Mn per claim within an annual aggregate; • US and UK: - Limit of $5 Mn per claim and in the annual aggregate limit.
Cyber risks	• Limit of €55 Mn per claim and in the annual aggregate limit.

Risk factors and internal control

Transferring risk to insurers

Main construction projects and renovation works on properties are covered by contractors' All Risks policies for their total construction cost. Defects affecting the works are covered by decennial insurance in France, Inherent Defect Insurance for large construction or extension projects in Continental Europe or by contractors' warranties in the US and in the UK.

The 2020 premium amounted to €41 Mn[1], excluding construction insurance premiums for projects in Continental Europe and in the UK. Most of these premiums were invoiced to third parties (e.g. co-owners, tenants…).

Except for loss of income due to COVID-19, the Group did not incur any major uninsured losses in 2020.

At the end of 2020, in a hardening market context, the Group's insurance programme was successfully renegotiated covering the Group portfolio with placement both in the European and US insurance markets with effect from January 1, 2021.

(1) Only for Insurances directly managed by URW, excluding premiums reinvoiced from third parties.