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;
- Set up and implement appropriate mitigating measures in order to monitor and/or reduce the identified risks;
- 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; and
- 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, as well as the potential liabilities.

For the development of new property, each region has its own Development Department, which manages development projects 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 Chief Executive Officer ("CEO"), this activity focuses on value creation in URW's asset portfolio and consists of defining the strategy for each asset (five-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 five-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 Corporate Social Responsibility ("CSR") development policy;
- Selection and monitoring construction and refurbishment companies; and
- Supervision of construction until grand opening.

6.1.2 GROUP ENTERPRISE RISK MANAGEMENT FRAMEWORK

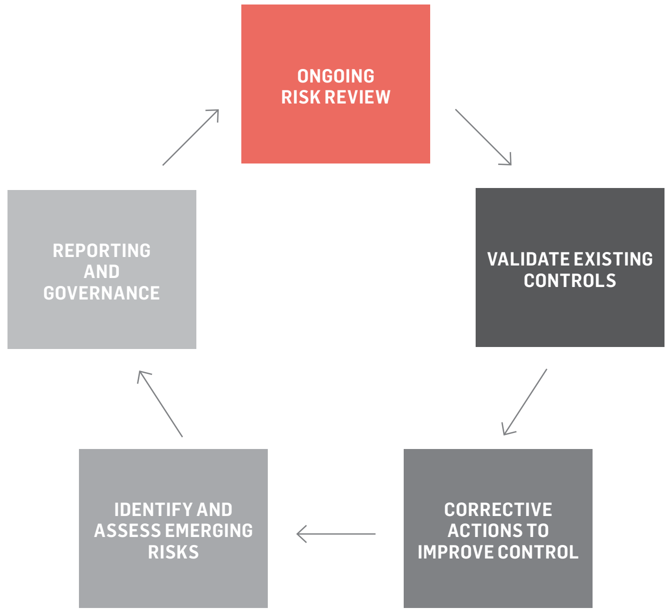
Since the completion of the Westfield transaction in June 2018, the Enterprise Risk Management ("ERM") framework has continued to evolve. All key risks have been reviewed and assessed internally, and action plans for improvement have been established. Fifteen identified key risks were presented to and reviewed by the Audit Committee and Supervisory Board ("SB") in 2021 through a bi-annual (half-year and full-year) assessment.

Our ERM framework focuses on:

- Risks inventory;
- Risk control methodology; (including monitoring of appropriate mitigating measures and action plans);
- Risk mapping;
- Governance; and
- 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.

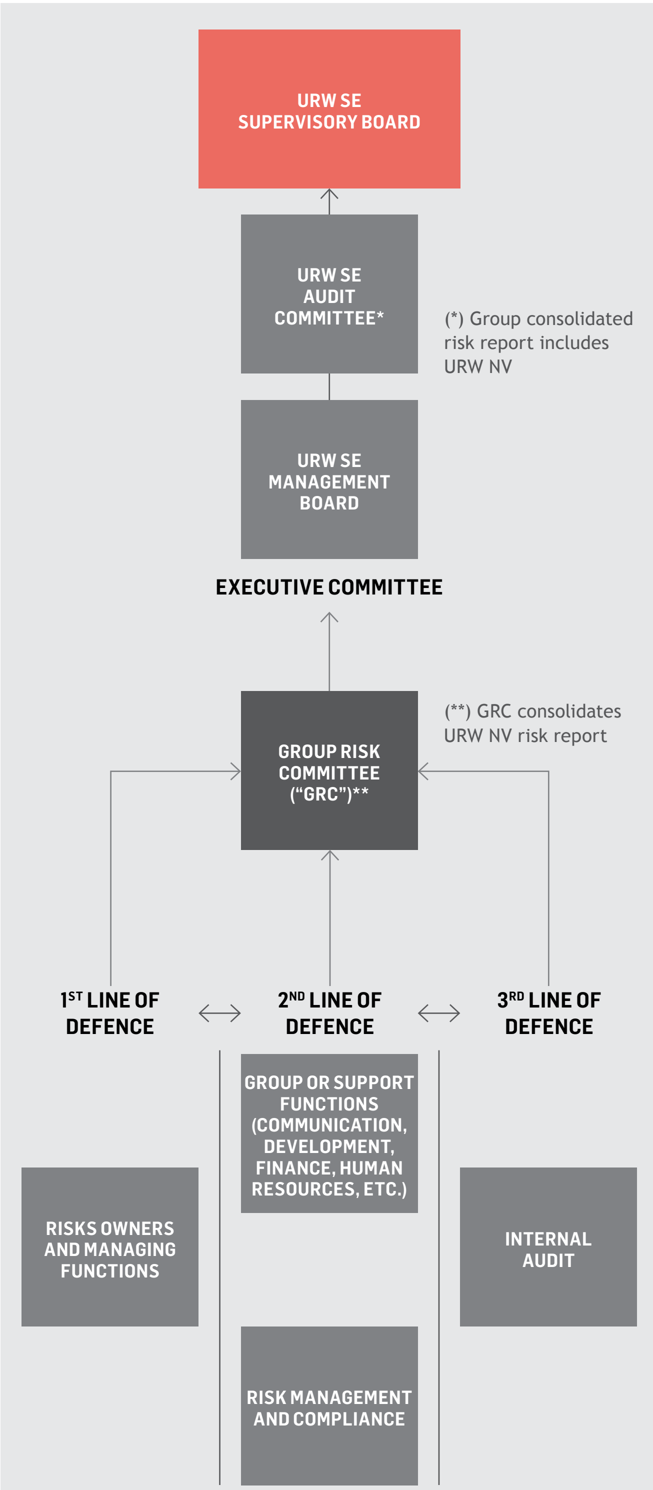
OVERVIEW OF GROUP ERM KEY RESPONSIBILITIES



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 2021, two AC and SB meetings related to risk management took place. To prepare for these meetings, three preparatory calls were organised with the AC Chairman, the Chief Resources Officer and the Risk Management department.

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



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

To detect main specific Group risks and design appropriate risk management measures in relation with any unique local considerations, 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;
- Monitoring effective implementation of identified mitigating measures and action plans;
- 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; and
- Providing validation in preparation for review by the Group Risk Committee.

The GRC handles risk monitoring at Group level. It is composed of the following senior executives:

- Chief Financial Officer (Chairperson);
- 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;
- Group Director of Insurances; and
- 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; and
- 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); and
- 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); and
  - Training and awareness programmes or information.

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 2022.

A description of the key risks monitored by this internal control system is outlined below. The GRC met twice in 2021. Its main achievements are:
- The review of the Group's risk mapping;
- The review and follow-up of action plans; and
- The approval of business decisions with risk exposures.

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 aims to provide reasonable assurance that the following internal control objectives are met:
- Transactions are executed effectively and optimised;
- Protection of the Group's assets;
- 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) and is based on:
- A set of standardised procedures;
- Accountability of managers in charge of the business, finance and control;
- A committee-based, decision-making process for acquisitions, disposals, refurbishment/construction projects, and leasing; and
- Segregation of duties between 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 ("URW SE") and its subsidiaries as well as for Unibail-Rodamco-Westfield N.V. ("URW") and its subsidiaries;
- A framework of core processes and internal rules covering investment and divestment, development, leasing activities and support functions, notably finance 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 on Stapled Shares; and
- An anti-corruption programme that includes, among other things, risk mapping, which has been updated in 2021 and a due diligence process of business partners before entering into business relationships.

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 that should be finalised in the US;
- General and specific procedures applicable at corporate level and in the different regions where the Group is present; and
- Less formal instructions and recommendations that nevertheless form an integral part of the internal control system.

The internal control system assessment is carried out by the Group Internal Audit Department (composed of eight colleagues located in France and in the US), which conducts regular assignments covering all the Group's activities pursuant to the annual audit plan approved by the MB and the SB.

The 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 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 AC and the SB.

Given the extremely uncertain and worrying developments in the European and international geopolitical situation in the context of the armed conflict in Ukraine, the group's risk mapping and/or their assessment are likely to undergo a rapid unfavorable change linked to the major economic, financial, social and environmental impacts - whether identified or not - of the conflict or its potential extension, which could have a very significant and negative effect on the group's business operations, its budgetary and earnings forecasts, as well as on its stated strategy.

6.2.1 RATINGS 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 rated within each category in descending order of impact to the Group (first ones being the most impactful) and probability.

This rating 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 rating, 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 framework 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	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
	Accuracy of forecasts and guidance	●●●	■■□	6.2.2.2.B
	Real estate investment trust ("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
Category #5: Legal and regulatory risks	Legal and regulatory	●●○	■■□	6.2.2.5.A
	Corruption, money laundering and fraud	●●○	■□□	6.2.2.5.B

1. 2. 3. 4. 5. 6. 7. 8.

6.2.2 DETAILED MAIN RISK FACTORS

6.2.2.1 CATEGORY #1: BUSINESS SECTOR AND OPERATIONAL RISKS

A. RETAIL MARKET EVOLUTION AND DISRUPTION

As a 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, 2021, the Group had a portfolio valued at €54.5 Bn of which 86% are in retail (85 shopping centres including 53 flagships in the most dynamic cities in Europe and in the US) presented in two continents and in 12 countries. 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, the emergence of new COVID-19 variants could prolong the pandemic and induce renewed economic disruptions. Global growth is estimated at 5.9% in 2021 and is expected to moderate to 4.4% in 2022. The estimates incorporate anticipated effects of mobility restrictions, border closures, and health impacts from the spread of the Omicron variant. These vary by country depending on susceptibility of the population, the severity of mobility restrictions, the expected impact of infections on labour supply, and the importance of contact-intensive sectors(1).

Analysts anticipated 4.3% in Continental Europe, 4.7% in the UK and 5.6% in the US of GDP (Gross Domestic Product) increases for 2021 and respectively predict 4%, 2.3% and 4% in 2022(2). Society and consumption are also evolving very significantly (people will live, work and buy differently post-COVID-19, and be more mindful of their choices, etc.).

Analysts also anticipate rising inflation for 2022. Such inflation may adversely affect the consumption power and consequently the global turnover of retailers. That could impact negatively the retailer's capabilities to continue to invest into their new concepts and in digital innovation and, as a consequence, the attractiveness of their commercial offer. Increasing inflation rates in the countries where the Group operates may trigger some social tensions as well as retail market disruptions.

In addition, unemployment rates could significantly impact the Retail Market business, however analysts anticipate lower unemployment rates(2) for 2022 in Continental Europe (6.2%), in the UK (5%) and in the US (3.5%).

Worldwide, the e-commerce business increased by 30% in 2020 and analysts predict a slower increase of 11% in 2021 compared with 2020 (respectively in Continental Europe by 13%, in the UK by 9% and in the US by 9%(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 similar rates of increase of e-commerce sales in Continental Europe, UK and the US(3). The emergence of Omicron in late November may impact 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.

The operations in URW shopping centres were particularly impacted by lockdown periods and restrictions in the first half of 2021, while operations were generally able to take place with loosened restrictions in H2-2021, except year-end which was impacted by a resurgence of the pandemic. Overall, FY-2021 footfall figures showed a strong recovery when the centres were open, with higher conversion rates driving even stronger tenant sales performance versus 2019 and 2020 levels.

In Europe, FY-2021 overall footfall compared with 2019 decreased by -34%, but increased by +5% compared with 2020 and despite more days of closure in 2021. Sweden and Spain outperformed other countries, with footfall at 77% and 76% of 2019 levels, respectively, due to less severe restrictions.

In the US, footfall is not available for all centres(4). For those assets for which reliable data is available, footfall in FY-2021 reached 72% of 2019 levels and 74% excluding CBD assets for which footfall is affected by work from home policies.

(1) Source: IMF, World Economic Outlook Update, January 18, 2022.
(2) Source: IMF, OECD as at January 28, 2022.
(3) Source: Euromonitor E-Commerce Data.
(4) Includes the 19 centres for which at least one year of comparable Springboard of ShopperTrak data is available.

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; and • 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; • Appointment of a Chief Customer Officer as part of a new customer-centric approach including enhanced digital strategy, resizing of outstanding assets to adapt retail surfaces and implementation of mixed-use and densification; • 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 and Luxury, as well as Digital native vertical brands; • 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, "Colis@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]. • Significant financial support plan (including rent reliefs and deferrals) to help retailers during the COVID crisis and protect the retailer portfolio.

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 obtaining 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 joint venture partnerships.

As at December 31, 2021, 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, €56,314 Mn as at December 31, 2020, and €54.5 Mn as at December 31,2021.

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 €4 Bn 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. As at February 10, 2022, 62% of the €4 Bn disposal target has been achieved on European assets. In addition, the Group continued the portfolio streamlining strategy in the US, combined, this resulted in an IFRS debt reduction of €1.6 Bn in 2021.

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

1. 2. 3. 4. 5. 6. 7. 8.

Main risk factors	Main risk management measures
• Misalignment with Group strategy and incorrect underwriting (asset valuation and forecast); • Information leakage and market rumours; and • Failure to execute the announced €4 Bn disposal plan and the US strategic portfolio reduction programme.	• Group decision-making process closely involves the MB and SB 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; • Financing strategy in place to mitigate the level of pressure on deleveraging and preserve access to refinancing market; and • 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 2021 Universal Registration Document.

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 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 December 31, 2021, 85% of invoiced FY-2021 rents and service charges had been collected in Europe and 90% in the US, representing 86% overall for the Group.

Although the pandemic is still very much present with the ongoing threat of new variants, the level of disruption is expected to be considerably lower than it was in 2020/2021, and new rent reliefs are not foreseen.

In terms of renewals, due to the challenging market, the Group has selectively undertaken shorter-term leases to speed up negotiations and to mitigate vacancy until economic conditions improve, while protecting mid/long-term rental values.

Main risk factors	Main risk management measures
• Improper management of rent relief, store closings, and tenant allowances; • Tenant financial insolvency/default and store closings. (Tenant insolvency procedures have affected 281 stores in the Group's portfolio in FY-2021); and • 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); • 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; and • 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 2021 Universal Registration Document.

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, 2021, the development project pipeline amounted to €3.2 Bn with a total 0.6 million sqm of Gross Lettable Area ("GLA") to be re-developed or added to the Group's standing assets. This represents a decrease in the development pipeline by -€1.2 Bn, down from €4.4 Bn as at December 31, 2020.

The Group has an increasing focus on mixed-use projects (notably including offices & hotels). The Group's strategy, particularly for the Offices & Others controlled projects, is to join with strategic capital partners prior to launching these projects, in order to reduce the capital allocation on the balance sheet of the Group, while leveraging on existing projects and generating development and management fees.

Five projects representing a Total Investment Cost of ca. €0.5 Bn (of which €0.4 Bn has been spent already) are scheduled to be delivered in 2022. The average pre-letting[(1)] stands at 72% 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; and • Inability to secure adequate funding for a project (through joint venture 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 five-year business plans by the Executive Committee); • Process of restructuring of the US Design, Development and Construction team to align with Europe model accelerated to be more agile and focused on disciplined processes and cost containment. Ongoing 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; • 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 COVID-related project delays to ensure a good relationship; • Strategy to partner with third-party investors to reduce Group risk exposure, capitalise on additional know-how and capture part of the development margin; • Establishment of contractual agreements to pre-order in anticipation of critical materials shortages, minimising the risk of delivery constraints of the supply chain; • Improved procurement process to reinforce a group-wide cross-border supply chain; • Early involvement in the construction phase of third parties supporting the claim management process. In addition, insurance policies cover Group responsibilities; • Standardisation and industrialisation of construction methods to better control the cost and schedule of the projects; and • Establishment of an internal team of experts to conduct project reviews in the design stage to identify improvements and efficiencies to ensure a cost and schedule-effective project.

For further information related to the development pipeline, please refer to Section 4.1.3 Development Projects as at December 31, 2021, of the 2021 Universal Registration Document.

(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 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 globally.

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; and • 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 General Data Protection Regulation ("GDPR")/CCPA Data Breach notification process; • Regular IT audits to test our protective and detective measures; and • 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, 2021, the Group's apps have been downloaded 3.1 million times and URW has 9.8 million followers on social media) are examples.

As at December 31, 2021, the Group operates 85 Shopping Centres including 53 Flagships and 39 Westfield branded assets. Consumer loyalty (representing 9.5 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; and • 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; • Appointment of Chief Customer Officer and development of the global brand strategy; • 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; • Centres continue with "Working Together" campaigns to communicate safety measures during COVID-19 outbreaks; • Successful Christmas marketing campaigns (#WorkingTogether and Come Together); and • Corporate Communications team to manage communications with media and/or social media with support from the Corporate Crisis team via a formal framework, policy, procedures and training.

6.2.2.2 CATEGORY # 2: FINANCIAL AND TAX RISKS

A. ACCESS TO CAPITAL AND FINANCIAL MARKETS DISRUPTION

Given URW's business model as a REIT and its current level of financial indebtedness following the 2018 Westfield Transaction (as at December 31 2021, €24,856 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, 2021, the Group had €2,256 Mn[2] in cash on hand and €3,950 Mn undrawn credit lines.

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; and – 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; and – 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 ("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; and • 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; • Limited access to funds, in case of unfavourable capital market or URW credit deterioration.	

(1) On an IFRS basis. €26,926 Mn on a proportionate basis.
(2) On an IFRS basis. €2,442 Mn on a proportionate basis.

Main risk factors	Main risk management measures
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, Interest Coverage Ratio, 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. URW has a solicited rating from both Standard & Poor's (S&P) and Moody's. 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". On May 14, 2021, S&P published a credit update confirming the "BBB+" long term rating of the Group and its "Negative" outlook. On November 18, 2021, S&P published a bulletin with no action on the long term rating of the Group.	• 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 covenants; • Regular dialogue with rating agencies with a proactive monitoring of credit metrics; • Active reduction of non-staff expense and defer non-essential capital expenditure; and • 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; and • 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 €9,859 Mn as at December 31, 2021; and • Diversification of sources of funding/counterparties.

For further information related to financial markets, please refer to Section 4.1.5 Financial Resources of the 2021 Universal Registration Document.

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 and 2021. While the ongoing roll out of successful vaccines suggests that this crisis will pass, its impact is anticipated to continue, but lessen, throughout 2022. As at 10 February, 2022, all of the Group's centres were able to trade with few local restrictions in place.

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 and five-Year Business Plans are reviewed by the Group Controlling Department; • Forecasts are systematically compared with 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; and • 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 MB, the Advisory Committee and ultimately to the SB.

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 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 stapling principle now in place between URW SE and URW NV raise potential risks of failure to comply with tax requirements and/or to face challenges 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. A potential risk of the repeal of a REIT regime 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.

Following last year's decision and the confirmed impact of the pandemic on the Group's 2021 results, as well as the Group's commitment to deleverage, the Group has announced on February 10, 2022, to suspend the payment of a dividend for its fiscal years 2021 and 2022. Based on the anticipated statutory numbers for URW for those years, the absence of a dividend would be compatible with the SIIC regime and other REIT regimes it benefits from.

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; and • 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; and • 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.

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, URW may face important risks related to recruitment, retention and succession of talents. Aligned to the global Great Resignation across all geographies, industries, and market segments, URW's employee turnover and resignations are reaching a peak level. The Group is actively working to listen to employees, reinforce the strong cultural elements, make critical pivots to employee engagement, and position URW to attract and retain the talent needed to succeed.

The Group is adapting the level of resources to the reprioritization of projects and processes simplification the Group is making, whilst leveraging as much as possible the natural turnover and restructuring opportunities.

Main risk factors	Main risk management measures
• Failure to recruit appropriate talent to maintain strategic capabilities; • Failure to retain key employees; and • 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; • Implementation of 'Levelling' system to better support career evolution, and ensure fair compensation for every role; • Enhanced long-term incentive programme to increase retention and attractiveness; • 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 co-optation programme; • 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 flexible working, 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; and • New extensive Global Succession Planning process rolled out, to identify potential successors for all positions reporting to a MB member, all positions reporting to a Chief Operating Officer, 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 2021 Universal Registration Document.

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 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. Security, 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 CSR in several areas: • Non-resilience of assets facing climate change; • Loss of access to green financing instruments and decrease in Environmental, Social and Governance ("ESG") ratings; • 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 affecting local jobs (local acceptability); • Not identifying/controlling existing pollution in development project; • Limited availability and increase in price of fossil fuels; • Increased regulation on building energy efficiency; and • Lack of budget for managing the CSR strategy.	• Group climate change risk assessment covering all standing assets and the development pipeline, in line with task force on Climate-related Financial Disclosures recommendations, covering both transitional and physical risks; • Answering to the most recognised non-financial rating agencies, monitoring questionnaire evolutions and benchmarking of scores, and organisation of ESG roadshows and meetings with investors, and direct dialogue on sustainability issues with investors; • Identification and quotation of environmental, social and ethical risks inherent to all the Group purchasing categories (Group supply chain CSR risk mapping), to design tailored mitigation action plans; • Group Considerate Construction Charter applicable for all development projects describing the Group's requirements and recommendations to optimise worksites' environmental quality; • Reflecting consumer trends in tenanting mix, and notably increasing sustainable and healthy alternatives in the shopping centres; signing voluntary and contractual agreements on sustainability issues with tenants; and initiatives led in collaboration with tenants to raise visitors' awareness of the environmental and social impact of consumption choices; • 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) and measurement and enhancement of the direct and indirect socio-economic impact of the Group's assets; • Supporting employment through the 'URW for Jobs' programme; • Empowering entrepreneurship, supporting business creation and retail innovation (e.g. space provision, exposure to customers, long-term partnerships, financial support, participation to entrepreneurship networks, mentorship, etc.);

Main risk factors	Main risk management measures
	• Pre-acquisition due diligence process, including environmental risks and soil pollution; • Energy efficiency targets and energy management action plans in all standing assets, involving daily energy optimisation actions as well as investments in energy efficient equipment; • Environmental management system in place to improve environmental performance of assets; • Shift towards electricity supply from renewable energy sources for all assets, and development of on-site renewable energy production capacity; • Engaging with stakeholders to improve energy efficiency and source renewable energy: tenants and suppliers (e.g. Green leases, PPA contracts, and energy performance contracts with maintenance providers); • CSR agenda defined and overviewed at the highest governance levels: Group CEO, Management Board (MB) and Group Executive Committee, and the Supervisory Board (SB); • Integration of the CSR agenda in core business processes; and • Effective implementation verified through external audits and certification schemes.

For further information on the Global Corporate Social Responsibility policy, please refer to Section 2.1.2.2 CSR risks and opportunities of the 2021 Universal Registration Document.

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 85 Shopping Centres in 12 countries open to the public with a significant annual footfall. 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 societal risks, such as protests, with reduction of footfall and impacts on operations.

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; and (ii) Mitigates the impact of a major security incident including terrorist attack/active shooter event; and • Failure to develop and implement an effective Group crisis management framework.	• 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; • Global incident notification/escalation process; and • Crisis management policy and framework including annual crisis training and exercise campaigns.

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, and employees. 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 assets 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 Health, Safety and Environment ("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 disasters – 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.

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 operational disruption.

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 was considerably impacted by COVID-19 in 2021, with a ban on all events until May 19, (except for exams and private sales) and capacity restrictions in place until the end of June. From June 30, all events were allowed with no capacity constraints, however a negative COVID-19 test or proof of vaccination remains required for attendees at all events.

In response to the challenges, Viparis maintained strong cost-saving measures in 2021, including instituting "partial activity" for its employees, reducing operating and administrative costs, renegotiating ground rents with its landlords and reducing or delaying all non-essential capital expenditures.

Overall, the Group's shopping centres were closed for an average of 68 days in H1 (vs. 67 days in H1-2020), including 92 days in Europe (vs. 60 days in 2020) and 69 days for the full year 2021 (vs. 93 days in 2020), including 94 days in Europe (vs. 84 days in 2020).

As at 10 February, 2022, all of the Group's centres are able to trade with few local restrictions in place. Although the pandemic is still very much present with the ongoing threat of new variants, the level of disruption is expected to be considerably lower than it was in 2020/2021.

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); and • 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; • "Safe and Healthy Places" label awarded to all assets in the European Portfolio by Bureau Veritas demonstrating appropriate COVID-19 measures are in place for the reassurance of tenants and customers; • Internal documentation processes to justify the compliance with sanitary protocols; and • 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 licences, equipment and training; • External Audit by Bureau Veritas (third-party vendor) with the assistance of epidemiologists based on latest recommendations of health authorities; • "SafeGuard" certification awarded to all assets in the US Portfolio by Bureau Veritas demonstrating appropriate COVID-19 measures are in place for the reassurance of tenants and customers; • 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; and • 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. **Natural disaster**(1) • Periodic assessment of European and US assets most exposed to natural disasters (flooding, storms and earthquakes) to validate response plans; • 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 storm with a limit of \$1 Bn in the annual aggregate, flood with a limit of \$500 Mn in the annual aggregate, against earthquake with a limit of \$500 Mn in the annual aggregate, sub-limited in the annual aggregate 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; and • 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 detect, anticipate, implement and comply with applicable laws and regulation may result in legal/regulatory breach, regulatory investigation, negative reputational impact and/or liabilities resulting in fines and penalties, damages, the loss of licences, 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.

The countries where the Group operates have implemented a series of (exceptional or ongoing) 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 any contractual obligations including financial.

The constant and increasing evolution of the legislative and regulatory production creates a legal instability and makes it difficult to detect and anticipate the direct or indirect impacts on the Group's activity, especially in terms of CSR (e.g. taxonomy, emissions trading scheme, extra-financial communication). the challenge for the Group is to be able to actively participate in the elaboration of these regulations in order to put into perspective the specificity of the real estate sector and the potential impacts, as well as to allow the emergence of new business opportunities.

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 regulatory investigation, legal (class) actions, 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 state, province, local country or sector level, 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; and • 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.
• Inability to detect and anticipate new regulation (including changes or evolutions) with (potential) impact on retail sector and/or the Group.	• Group workshops on Group/local mapping co-lead by legal and Public Affairs departments; • Definition of group/local priorities, timelines and institutional calendars to develop and coordinate strategy; • Interaction with other stakeholders, public authorities and professional organisations; and • Setting up an internal coordinated organisation to detect and address new regulations.
• 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 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; and • A Group Disclosure Committee 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; and • 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; and • "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. 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; and • 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[1] based on the eight 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 and confidential platform is in place within the Group and also available for contractors; • Interactions with business partners are monitored by a "Know Your Partner" procedure to evaluate third parties' exposure to the corruption and influence peddling risks; • 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 mandatory for all URW staff describing the general principles related to business ethics and 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; and • 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.

(1) Except for Viparis which implemented a tailored ACP in compliance with the Sapin II Law provisions.

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.

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 programme requires physical damages to trigger a coverage of financial loss or business interruption. For pandemics, 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; and • 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 sub-limits above 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; and - Terrorism: limit of €900 Mn per occurrence covering material 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 material damages and loss of rent/business interruption, including losses following terrorism events which are covered by Pool Re. The programme includes sub-limits.

Type of insurance	Coverage and main limits based on 2020 Group insurance programmes
	• The US: limit of $1.35 Bn per occurrence covering all material damages and loss of rent/business interruption including terrorism events. The programme includes sub-limits notably for natural catastrophe risks. - Earthquake: the overall programme sub-limit 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 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; and - 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 many 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 URW 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. The programme includes sub-limits, for example to cover liability claims following a terrorist attack.
General environmental liability	Coverage for damage caused to third parties by accidental or gradual pollution.

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 2021 premium amounted to €45 Mn[(1)], excluding construction insurance premiums. 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 2021.

At the end of 2021, in a hardening market context, the Group's insurance programme was successfully renegotiated covering the Group portfolio with placement in the European, UK and US insurance markets with effect from January 1, 2022.

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