
CONTENTS

ABOUT Q-PARK	4
Review of business	4
Profile	6
Quality in parking	7
Notable projects in 2018	8
Future outlook	14
STRATEGY	16
Sustainable development goals	16
How we create value	18
Materiality analysis	19
CSR strategy	20
RESULTS	23
Performance highlights	23
Value Creation	25
Value Capturing	36
Value Sharing	47
Value Retention	54
OTHER INFORMATION	63
Supply chain	64
Governance, policies and codes	65
Risk management	66
What we can do better	73
OVERVIEWS	74
GRI Content Index	74
Stakeholders	80
GLOSSARY	84

RISK MANAGEMENT

A business must take risks to create value. Having a risk management assessment in place allows a company to take risks in a managed and controlled manner. Within Q-Park strategic, operational, financial, and reputational risks are made controllable by carefully weighing risks and returns against each other. Effective risk management is integrated into its daily operations.

Q-Park deploys a top-down risk management assessment in which strategic risk management is executed at corporate level. Responsibility for operational risk management lies primarily with the local management of the countries in which the Group operates. The Executive Board however bears ultimate responsibility for managing the risks the company faces.

Risk management and internal control

Ongoing identification and assessment of risks is part of our governance and periodic business review. Our Enterprise Risk Management (ERM) assessment and Compliance Programme are designed to provide management with an understanding of the key business risks the company faces. It also provides methods and processes to manage the risks that might hamper the business in achieving key objectives and to initiate actions required to mitigate these risks.

Q-Park is averse to the risk of non-compliance with relevant laws and regulations, our own codes, contractual agreements and covenants. As legislation and other formal guidelines cover various functional areas and can be very extensive (even country-specific), compliance is managed in a structured way. Our Compliance Programme covers most relevant compliance areas for Q-Park, and is being executed as a risk management mechanism that ensures:

- I that execution of actions per step of the risk control cycle are executed based on clearly defined responsibilities;
- I implementation of relevant legislation and internal guidelines within the organisation is ensured;
- I top-down awareness of the importance to manage compliance areas;

- I A structured follow-up of the compliance action plans.

Progress made in 2019 and focus areas for 2020:

- I Related to the 'Information Security' compliance area, an extensive programme (2019-2021) has been developed and is being executed. The ICT infrastructure and organisation and ICT processes are being transformed to higher Information Security standards. User awareness will be improved by introducing e-learning into the whole organisation. The 'PCI DSS' (Payment Card Industry Data Security Standard) compliance area is integrated in this Information Security Programme.
- I Several policies regarding 'Ethics & Integrity' such as the Integrity Policy and Competition Law Compliance Policy were updated and communicated throughout the organisation. In 2020 training sessions will be organised to make the content of the policy more practical in an interactive way.
- I Internal 'HRM processes' have been optimised and formalised. In 2020 efficiency and consistency improvements will be realised by implementing a Q-Park Self Service portal.
- I The 'GDPR' compliance area required continuous attention to monitor compliance and follow-up guidelines issued by the authorities. Training and awareness have our focus, during periodic consultations, Q-Park Privacy Officers share experiences under supervision of the Data Protection Officer (DPO) who was appointed in 2019. Status and progress are reported to the Executive Board on a quarterly basis.

In addition to the aforementioned focus areas, a high-level risk assessment related to the Compliance areas will be performed to reconsider the focus points and priorities.

The Executive Board and key management periodically review the risks and the related mitigation controls and procedures of the ERM assessment and Compliance

programme and reconsider the focus areas identified. Furthermore, they provide complementary insights into existing and emerging risks that are subsequently included in the policy. The ERM assessment and Compliance Programme influence the formation of controls and procedures, and the focus of business planning and performance process.

Risk appetite

Factors which determine the risk appetite include the international spread of the business, the robustness of the balance sheet, long-term duration of contracts, strength of cash flows and a commitment to conservative financial management. Our risk appetite varies per objective and risk category:

- I **Strategic:** Taking strategic risks is an inherent part of how we do business. In pursuing growth as a strategic ambition, we are prepared to take risks in a responsible way, taking account of our stakeholders' interests.
- I **Operational:** Depending on the type of operational risk, we take a cautious to averse approach. We give the highest priority to ensuring the safety of our employees and customers, to delivering the desired level of service, and to protecting the company's reputation.
- I **Financial:** We pursue a conservative financial strategy, including a balanced combination of self-insurance and commercial insurance coverage.
- I **Compliance:** We are averse to the risk of non-compliance with relevant laws or regulations, or non-compliance with our own codes, contractual agreements, and financial covenants.
- I **Fraudulent and unethical behaviour:** We are committed to act with honesty, integrity, and respect. We are fully averse to risks relating to fraudulent behaviour and we apply a zero-tolerance policy.

Main risks

The following risk overview highlights the main risks which might prevent us from achieving our strategic, operational, and financial objectives. The risks described are not an exhaustive list of the risks. There may be additional risks which do not constitute a direct threat in the short-term, or risks which management deems immaterial or otherwise common to most companies, but which could at some time have a material adverse effect on our financial position, results, operations, or liquidity.

Strategic

Risk description	Q-Park risk management measures
Regulatory changes to inner-city parking National or local governments could implement measures which are potentially unfavourable to the parking sector (e.g. introduction of low emission zones or banning of traffic within inner-city boundaries).	<ul style="list-style-type: none"> I Create sufficient substance in cities and regions to have a seat at the table and cooperate with governments, NGOs, and businesses. I Ensure geographic diversification of Q-Park's portfolio in the different countries but also within cities to avoid large dependencies on specific regions or locations. I Invest extensively in online platforms and value-added services to become a proactive business partner for local authorities and help them to think in (mobility) solutions.
Economic environment Factors that potentially influence parking revenues (prices and/or mobility) include pressure from the general public and retailers, political changes, or a long-term fall in GDP. Lower parking revenues could significantly impact Q-Park's profitability and cash flows, definitely in situations where lower parking prices will not result in more transactions.	<ul style="list-style-type: none"> I Cooperate with governments, NGOs, and other businesses. I Highlight the relevance of regulated and paid parking to society by clear communication. I Implement a separate centralised pricing function within the Group that uses calculation models to analyse different tariff schemes, to simulate the effects of changes, and to align prices with the local circumstances and market situation. I Strengthen the commercial, customer, and market intelligence organisation by establishing Group-wide teams and actively sharing knowledge and experiences.
Competitive environment and economic conditions The parking market (new business) is characterised by competition between a limited number of existing players. In addition, technology is used increasingly in the parking market and results in new competitors with a possible negative impact on Q-Park's financial results.	<ul style="list-style-type: none"> I Ensure geographic diversification with sufficient substance in different regions and cities to ensure efficiency in operations and to be competitive in tenders. I Invest in ICT developments (online platforms and PMSs) to be competitive in changing to a more digitally-oriented parking market and to prepare the organisation for more efficient access and payment solutions. I Closely monitor developments in digital solutions created by existing and new competitors.
Dependency on other businesses and local developments A car parking service is an indirect service which depends on external factors (e.g. offices, shopping centres, leisure amenities). New customer behaviour (e.g. online	<ul style="list-style-type: none"> I Ensure geographic diversification of Q-Park's portfolio and a further spread across multiple indirect markets.

shopping, working from home) or changes in the popularity of certain stores or locations pose a risk of a significant decrease in parking demand and, hence, a decrease in Q-Park's business and revenue.

Manage a portfolio with focus on large multifunctional locations instead of mono functional locations which are dependent on just one purpose.

Operational

Risk description

Risk management measures

Safety and liability

The safety of our customers and employees is our top priority. If an employee or a customer sustains injury while at work or while visiting one of the Q-Park parking facilities, this could impact our reputation.

- Adhere to health and safety procedures relating to employees and customers.
- Invest in maintenance and security tools (i.e. CCTV oversight) to ensure clean and safe parking facilities with proper instructions for visitors.
- Encourage non-cash payments and outsourcing of cash handling to specialised third parties.
- Provide training and development focusing on personal safety and safety measures in and around our parking facilities.

Dependency risks, interruptions, and business continuity

Continuity of the company and its business is crucial. Continuity depends on a number of factors, including suppliers. We are particularly vulnerable regarding PMSs, ICT, and infrastructure.

- Business Continuity and Data Recovery is an important component of our Information Security Programme.
- Use different systems from independent suppliers where operational efficiency remains the primary objective.
- Conduct preventive maintenance and conclude SLAs with suppliers to ensure corrective interventions within agreed time frames.
- Connect the QCR to parking facilities to assist in the event of business interruptions and operate a 24-hour service desk.

Staffing and retention

Good, experienced, and knowledgeable people are the foundation of our company and its success. The company must ensure that it is able to employ and retain the right people.

- Maintain a system for performance measurement and annual reviews.
- Continuously work on employer branding in the 'labour' market and have competitive employment conditions.
- Develop training and development opportunities for employees.

Ethics and integrity

Ethics and integrity are important conditions for confidence in the company. Behaviour deemed to be unethical could lead to loss of revenue and reputation.

Maintain a code of ethics and whistle-blower policy with periodic training to ensure awareness.

Ensure Executive Board and management demonstrate 'tone at the top'.

Apply a zero-tolerance strategy.

Financial

Risk description

Risk management measures

Valuation of fixed assets and goodwill

The company owns a considerable amount of property and goodwill. If the economic climate deteriorates and potential impairments are not identified, determined, or communicated in a timely fashion, the company could incur reputational damage.

Evaluate the existence of impairment indicators on an annual basis.

Monitor performance against business plans to identify risk areas and act timely.

Employ an independent valuation expert to conduct periodic valuations when necessary.

Financing

Given that the nature of the business is capital-intensive, access to external financing is crucial for continuity. A liquidity risk could arise if external financing is not available to the company when refinancing is required.

Strict monitoring of financial covenants.

Consult regularly with external debt providers to discuss the ongoing business, results, and strategy.

Periodic evaluation of the appropriateness of the financing structure and adjust if needed.

Interest rate risks

The external debts can be subject to variable interest rates, thereby exposing the company to fluctuations in interest rates. A significant increase in variable interest rates would have a negative impact on results.

Include a mix of fixed and variable interest rates for financing operations, combined with the use of interest rate instruments.

Adopt an interest rate policy in which part of the bank debt is covered by interest rate derivatives (interest rate swaps and interest caps).

Currency risk

The company's functional currency is the euro. Given that the company also operates in countries with a different functional currency, we are exposed to fluctuations in those currencies.

Monitor and report periodically on currency risk exposure.

Optimise currency risk through natural hedges (revenue and costs in local same currencies, external debt in foreign currency).

Compliance and reporting

Risk description	Risk management measures
Financial statement does not give a true and fair view	
<p>If misstatements are made such that the financial statements do not give a true and fair view of the company's financial position, financial performance, and cash flows, users of the financial statements would be incorrectly informed.</p>	<ul style="list-style-type: none"> I Maintain common and consistent accounting policies, reporting processes, and standard chart of accounts. I Monitor critical access and segregation of duties and perform compensating controls if necessary. I Actively involve all stakeholders.
ICT and information security	
<p>Given the increasing use of online communication and the professionalism of cyber criminals, the company must focus constantly on continuity of ICT systems and on ensuring the security of crucial information and sensitive customer data (e.g. payment card details, passwords). A successful attack or hack by cyber criminals could cause reputational and financial damage and impact business continuity.</p>	<ul style="list-style-type: none"> I Implementation of the Q-Park Information Security Programme based on a Cyber Maturity Assessment and executed in accordance with a formal governance structure. Important components of this programme include: <ul style="list-style-type: none"> I Reconsider our information security policies to secure confidentiality and integrity of data, including continuity measures in conjunction with outsourcing partners. I Improve user awareness and behaviour to reduce cyber security risks. I Manage IT Asset risks in a proactive and reactive way (monitoring). I Improve incident response, disaster recovery and business continuity. I Further comply to common standards such as PCI DSS, GDPR and ISO 27001. I Implement cyber security solutions to detect cyber attacks and have remediation procedures in place. I Centralisation of ICT systems allowing central enforcement of security measures. I Initiate a Secure Software Development life cycle programme for our applications in collaboration with our supplier. I An Information Security officer has been appointed to coordinate the execution of the Information Security programme and to manage operational cyber security risks.
Non-compliance with European and national laws	
<p>Changes in the legal and regulatory environment tend to increase the risk of non-compliance with local, national, and</p>	<ul style="list-style-type: none"> I Implement the Compliance Programme.

international laws and regulations, as well as tax legislation. Failure to comply with applicable regulations could lead to fines, claims, and reputational damage.

- | Establish corporate functions to monitor local risks and challenges from a Group perspective (e.g. compliance, tax, finance, and legal).
- | Involve external specialists where necessary.