

Regency Centers' 2021 Task Force on Climate-related Financial Disclosures (TCFD) Report

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About This Report

This is Regency Centers Corporation's ("Regency" or the "Company") 2021 report recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). This report supplements the TCFD section in our 2020 Corporate Responsibility Report and should be read together with, and as a companion to, that Report, which can be accessed at [RegencyCenters.com/Corporate-Responsibility](https://www.RegencyCenters.com/Corporate-Responsibility).

Regency recognizes that now, more than ever, climate change is one of the most significant issues facing our society. Since our 2020 TCFD and Corporate Responsibility reports were published there have been significant changes to how governments around the world are thinking about climate change, and companies, their boards and management teams, and their investors are also constantly evaluating their role in understanding and addressing its impacts. Regency is committed to remaining at the forefront of these conversations and actions. We understand that climate change is important to our stakeholders and that its potential impacts on our business need to be analyzed, incorporated into our strategic planning and disclosed through our reports and other stakeholder communications.

To understand our exposure to climate-related impacts, in 2020, we addressed the recommendations of the TCFD for the first time and undertook a climate change scenario analysis, and risk and opportunities assessment. Climate scenario analysis and reporting was and remains an evolving area for many companies, including Regency, and we expect our methodologies, tools and analyses to improve and change over time as we refine our understanding of climate-related risks, challenges and opportunities. We expect to build upon and revise the results of our TCFD analysis and disclosures on an ongoing basis, including as described in this report.



Lisa Palmer,
President and Chief Executive Officer



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Governance

Climate-related analyses and actions are a key focus of our Corporate Responsibility program. Regency's Board of Directors' Nominating and Governance Committee has been delegated oversight of our Corporate Responsibility program and its contribution to our business by our Board of Directors, which oversees direction of our Corporate Responsibility strategy and business alignment.

Our Corporate Responsibility Committee, which is comprised of senior leaders from key areas of our business, reports to our CEO, Lisa Palmer, who is on our Board and has ultimate senior management responsibility for the program. The Corporate Responsibility Committee works with management's Operating and Executive Committees to embed our Corporate Responsibility strategy and objectives throughout Regency's business decisions, processes and activities.

As part of their role to drive the implementation of our Corporate Responsibility program and achievement of the associated goals and objectives, these management Committees also ensure that climate change, and the risks and opportunities it may present, are considered in our property management and investment processes, and ultimately our strategic plan.

The Corporate Responsibility Committee meets at least quarterly, and its Chair reports regularly to our CEO and twice annually to the Board's Nominating and Governance Committee. Updates are provided to this Committee and to the full Board at each of their quarterly meetings, and Compensation Committee is also updated on progress toward our goals as part of executive compensation evaluation. These reports ensure Board oversight of the Corporate Responsibility program and specifically our consideration of, and actions to address, climate-related impacts on our business.



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Strategy

Regency was founded with a core set of values that define and guide us to this day. These values include 'doing what is right' and being 'good stewards of the environment.' We live these values by implementing environmentally responsible and sustainable practices, irrespective of legislative mandates, that we believe are right for society, our business and our stakeholders.

In 2018, we began our TCFD journey by conducting an analysis of the sea level rise risks to our properties in Florida, where a significant portion of our portfolio is located. We based our analysis on the National Oceanic and Atmospheric Administration (NOAA) sea level rise projections in coastal areas, and identified that a small number of our assets would be at high risk in the long term. We worked with our insurers to undertake this work and have since factored the results into our insurance and property management strategies, specifically for those properties at risk.

During 2020, we built on that work, and expanded our analysis to our entire portfolio and business over the medium to long term (2030-2100), including a robust assessment of a comprehensive range of climate-related risks and opportunities. Our analysis looked at two scenarios: One assuming low levels of greenhouse gas emissions that will limit average temperature increases to 1.5 to 2 degrees Celsius (a 'sustainable growth' scenario) and another where greenhouse gas emissions continue to rise (a 'current trends' scenario).

This work provided us a comprehensive understanding of the risks and opportunities at both the portfolio and geographic market levels, under the two different climate scenarios and over the medium and long term. The key risks and opportunities identified at the portfolio level are outlined below together with our approach to managing them.

The results of our climate change scenario analysis are being used for strategic planning by our Operating and Executive Committees, with oversight from our Board, and the analysis will be revisited periodically as changes in circumstances and information warrant.

In addition, we are using the results of our scenario analysis to guide site-specific analysis and planning. We are partnering with an expert consultant to perform climate risk analyses on all properties in our portfolio progressively over the next few years, starting with a representative group that will help Regency better understand climate-related risks at the property-level. We are also obtaining these reports as part of our investment due diligence process when we analyze potential acquisitions and re/development projects.

Our climate risk analyses identify the risk level of the site for five specific perils: storm (including hurricanes and strong winds), drought, heat, flood (pluvial and fluvial), and fire. The risk level is outlined compared to county, state and country averages and is mapped over the near term to 2060 so changes in the risk level can be identified and addressed.

The analyses takes account of site-specific geography and weather as well as structures and other factors on the property that might mitigate any risk. The results are being used to inform acquisition decisions as well as property management and capital project planning.

At this time, we have not identified a material climate-related risk to our business. Our geographically diverse portfolio and conservative approach to risk management aims to ensure that we are responsive and resilient to the effects of climate change. However, we continue to monitor the impacts of climate risk on our business and revisit our analysis periodically, and as warranted, to ensure climate resilience continues to play a central role in our proactive strategic and property-level planning, and that we are mindful of the future risks our portfolio might face.

Risk Management

Risk management is embedded in all that we do and our risk management practices are set out in our Corporate Responsibility Policies and Practices.

Our 2018 sea level rise analysis informed how we manage risks to our Florida properties. The results from our 2020 work, described in the graphic below, updated that analysis and informs climate risk management across our entire portfolio. It is also integrated into strategic planning and guiding our site-specific analysis as described above.

All of these actions to identify and manage climate risk at the property and portfolio level are monitored and coordinated by our Operating and Executive Committees, with oversight from our Board. This ensures that a holistic strategy guides the approaches in our business lines.

Further information on our approach to managing the key risks identified through our 2020 analysis are set out below.

We took the following steps, guided by consultants expert in the impacts of climate change and its potential effect on properties like ours:



Metrics and Targets

Regency appreciates that a clear understanding of the climate-related risks to our portfolio and business requires quantitative, metric-based analysis. Our 2018 sea level risk analysis used the best scientific information available at the time to understand the projected rise of average sea levels, in inches, above the levels in the base year of the analysis. This was combined with geographical and site-specific information about the properties to determine the relative risk. In addition to the metric of height above base year sea level for both the properties and projected sea levels, financial information about insurance rates and property costs were factored into the risk analysis.

In our 2020 portfolio scenario analysis, we used indicator and vulnerability metrics such as the following to develop a robust understanding of all the risks and opportunities to our portfolio, and their relative ranking.

Indicator metrics included:

- Costs of fossil fuel
- Electricity prices
- Stakeholder awareness
- Weather-related metrics associated with temperature, precipitation, sea level rise, etc.

Vulnerability metrics included:

- Costs to adapt and mitigate risks
- Costs to recover from potential risks
- Costs to take advantage of opportunities
- Potential revenue from opportunities

As we move to site-specific analysis, we are aligning our reviews with the metrics in the reports our consultant provides and overlaying the vulnerability metrics used in 2020 to understand each property's risk rating.

In addition, to ensure we are working to slow and address climate change, we are maintaining our commitment to sustainability. Regency has been implementing measures to reduce our environmental footprint for many years. We have implemented environmental stewardship goals designed to lower our impact on the planet and its climate. These include a goal to reduce our Scope 1 and 2 greenhouse gas emissions by 5% each year from 2018 to 2028.

In 2021, we have been revisiting our climate-related goals and disclosures and, in line with best practice, are developing a net zero Scope 1 and 2 greenhouse gas emissions goal and an interim Science-based goal, together with a strategy to achieve both.

We have for many years disclosed our energy use, water consumption, waste diversion and greenhouse gas emissions in our annual Corporate Responsibility Report, as well as progress toward achieving our goals. We will continue to maintain a high level of transparency and disclosure, including reporting on our Scope 3 greenhouse gas emissions which we commenced estimating in 2019. As the world's commitment to mitigating and reducing climate-change grows, Regency is mindful of its responsibility to strive to implement best practices in sustainability, and understanding and addressing the risks and opportunities to our business.

Climate Change Related Risks and Opportunities

Our 2020 scenario analysis leveraged globally recognized sources for building the sustainable growth and current trends scenario models. The IEA's World Energy Outlook 2018 was the main reference for transitional changes and the IPCC Fifth Assessment Report (AR5) and the Fourth National Climate Assessment (NCA) were foundational references for physical risks. Additionally, climate data and projections from open governmental and academic sources such as Partnership for Resilience and Preparedness data, the National Oceanic and Atmospheric Administration (NOAA) Climate Explorer, and World Resources Institute Aqueduct, as well as widely cited studies referenced by the IPCC and NCA provided useful visualization tools and guidance.

Transitional risks, such as policy and legal risks, market risks, and reputational risks were analyzed, as well as physical risks such as severe storms and sea levels rising, in accordance with TCFD recommendations. Both risks that directly impact Regency, for example through damage to properties and indirect risks, such as impaired tenant operations were factored into our analysis.

On the following page, are the top 3 risks identified in our scenario analysis in both the sustainable growth and current trends scenarios.

Key Risk	Description	Approach
Severe Storms	Increased risk of damage to buildings from extreme winds, hailstorms, tornadoes and other severe storms may result in larger capital costs to either rebuild damaged buildings or retrofit existing buildings to be more resilient, and larger insurance premiums. The more significant risk is to our properties in Texas, Florida, and Georgia.	<p>Regency is focused on maintaining resilience at our properties and in our business. We strive to implement leading construction and operational practices as well as robust planning for swift recovery from any incident. We also procure appropriate insurance to protect our investments and business.</p> <p>The geographic diversification of the properties in Regency's portfolio means individual natural events such as a severe storm, which potentially impact one or a small number of properties, should not have a significant financial impact on the business in the aggregate. However, we will continue to monitor any increases in incidents and ensure our strategic plan provides resilience on a portfolio-wide basis.</p>
Wildfires	Increased risk of wildfire damage to buildings could result in larger capital costs to either rebuild damaged buildings or retrofit existing buildings to be more resilient, as well as increased insurance premiums over time. The most significant risk is to our properties in California.	<p>Regency is focused on maintaining resilience at our properties and in our business. We strive to implement leading construction and operational practices as well as robust planning for swift recovery from incidents. We also procure appropriate insurance to protect our investments and business.</p> <p>The geographic diversification and primarily suburban locations of Regency's portfolio means individual events such as a wildfire should not have a significant financial impact on the business. However, we will continue to monitor any increases in incidents and design our strategic plan to provide resilience on a portfolio-wide basis.</p>
Flooding	Increased risk of damage to structure and roads due to flooding during heavy rainfall events, and larger insurance premiums. Greatest exposure is to our properties in Georgia, California and the Eastern Seaboard.	<p>Regency is focused on maintaining resilience at our properties and in our business. We implement leading construction and operational practices as well as robust planning for swift recovery from incidents. We also procure appropriate insurance to protect our investments and business.</p> <p>The geographic diversification and primarily suburban locations of Regency's portfolio means individual events such as a flood do not have a significant financial impact on the business. However, we will continue to monitor any increases in incidents and design our strategic plan to provide resilience on a portfolio-wide basis.</p>

We also analyzed the opportunities available in each of the sustainable growth and current trends scenarios. The key opportunities identified in both are summarized below.

Key Opportunity	Description	Approach
External stakeholder awareness	Meeting tenant and investor demand for sustainable operations may offer a competitive advantage.	<p>Regency has been focused on sustainable operations for many years, and is even more so today. We implement green building practices and sustainability initiatives that we believe will create resource-efficient operations, as evidenced by our achievement of a Green Star from the Global Real Estate Sustainability Benchmark (GRESB), for seven consecutive years.</p> <p>We are committed to achieving our goals to reduce greenhouse gas emissions, energy use and waste, and will continue to be transparent to enable tenants, investors, and other external stakeholders to be aware of our sustainability initiatives.</p>
Internal stakeholder awareness	Best-in-class sustainability credentials may reduce turnover and increase talent acquisition, which leads to reduced recruitment and training costs and increased employee satisfaction, engagement and productivity.	<p>Regency has been committed to doing what is right since our foundation, and it is one of our guiding values. Not only are we focused on sustainability and achieving our environmental goals, but we are determined to do what is right for our people.</p> <p>We believe our efforts in both the social and environmental arenas will continue to make us a leader in providing a safe, inclusive and productive workplace, recognized by our employees and attractive to candidates.</p>
Overall and local economic growth	Reducing climate-related risk in the portfolio by locating new developments in geographies most resilient to, or benefiting from, climate migration, may make Regency's portfolio more attractive.	Regency is committed to understanding and addressing climate change-related risks, and the results of our TCFD-aligned scenario analysis is being incorporated into our strategic plan. This will help us reduce risk to our business and remain a preeminent owner, operator and developer of neighborhood shopping centers.

The key transitional risks we considered in both scenarios are summarized below.

Key Transitional Risks	Description	Approach
Regulation	Federal, state, and or local regulations could result in higher operating and capital costs, particularly with respect to energy efficiency, building materials, building standards and utilities.	<p>Regency monitors emerging regulation and its potential impacts, including through participation in relevant trade association and real estate industry groups.</p> <p>Development and redevelopment projects are built to Regency's green building standard and are designed to be resource efficient. This assists in meeting the expectations of government authorities and our other stakeholders.</p> <p>Our focus on resource efficiency, and achieving our greenhouse gas and energy consumption reduction goals, also helps reduce exposure to increased utility costs, which in many cases can also be a savings to our tenants.</p> <p>As a result, we do not consider that emerging climate-related regulation will have a significant impact on our business.</p>
Reputation	Meeting internal and external stakeholder demand for sustainable operations may impose additional operating and capital costs.	<p>Regency has been committed to doing what is right since our foundation, and it is one of our guiding values. Not only are we focused on sustainability and achieving our environmental goals, but we are determined to do what is right for our people.</p> <p>We implement green building practices and sustainability initiatives that we believe will create resource-efficient operations, as evidenced by our achievement of a Green Star from GRESB for seven consecutive years. We are committed to achieving our goals to reduce greenhouse gas emissions, energy use and waste, and will continue to be transparent and ensure tenants, investors and other stakeholders can be aware of our sustainability initiatives.</p> <p>We believe our efforts in both the social and environmental arenas will continue to make us a leader in providing a safe, inclusive and productive workplace, recognized by our employees and attractive to candidates. We do not anticipate additional costs from maintaining our current position as a leader in Corporate Responsibility and environmental, social, and governance practices.</p>

Certain statements in this report may be “forward-looking statements.” These statements are based on the current expectations of Regency Centers and are subject to uncertainty and changes in circumstances. These statements are not guarantees of future results or occurrences. Actual results and financial condition may differ materially from those anticipated or expected from or represented by these statements due to a variety of factors, including, among others, socio-demographic and economic trends, energy prices, technological innovations, climate-related conditions and weather events, legislative and regulatory changes and other unforeseen events or conditions, the potential impacts of climate change on our business and our ability to mitigate them, and the precautionary statements included in Regency Centers’ filings with the Securities and Exchange Commission (SEC). Any forward-looking statements made by or on behalf of Regency Centers speak only as to the date they are made, and Regency Centers does not undertake to update forward-looking statements to reflect the impact of circumstances or events that arise after the date the forward-looking statements were made. In addition, while this report describes potential future events that may be significant, the significance of those potential events should not be read as equating to materiality as the concept is used in Regency Centers’ filings with the SEC.