



OVERVIEW



Welcome to the world of Befimmo. In order to fully understand the environmental, social and governance initiatives explained later in this Report, it is important to understand who Befimmo really is and the ESG journey the Company has taken over the years. This overview chapter brings together all the general information needed for a better understanding.

- P.06** MESSAGE TO OUR STAKEHOLDERS
- P.08** BEFIMMO IN BRIEF
- P.11** OUR VALUES
- P.12** OUR VISION
- P.13** OUR MISSION
- P.14** OUR STRATEGY
- P.19** HIGHLIGHTS OF THE YEAR
- P.21** STAKEHOLDER ENGAGEMENT
- P.32** IMPACT, RISK AND OPPORTUNITY MANAGEMENT
- P.38** ESG DASHBOARD

OVERVIEW

MESSAGE TO OUR STAKEHOLDERS.

For Befimmo, environmental, social and governance aspects are natural extensions of its business strategy, which focuses on creating value for all its stakeholders, now and in the long term. Our Company has always maintained a proud frontrunner position in terms of ESG and plans to maintain this role for years to come.

Thanks to the double materiality exercise we carried out in December and the ambitious targets we set, we're paving the way towards the EU Green Deal objectives and a more responsible supply chain to work with. This shows our continued commitment as a key player in the real-estate sector.

All these different abovementioned steps have resulted in an even more ambitious ESG strategy for the period 2024-2030. Concrete targets have been set for each of the European Sustainability Reporting Standards. Measures are being planned and developed for both existing buildings and (re)development projects to achieve the global Befimmo environmental targets. Collecting reliable data is key, so processes to obtain that data were developed in 2023, with the first concrete results expected in 2024. Moreover, Befimmo's social and governance targets have been reiterated and strengthened. Our ESG strategy is now more coherent, comprehensive and structured, with realistic and measurable targets, without losing sight of economic reality.

To give a concrete example, our flagship project ZIN has taken significant strides in sustainability last year with the installation of more than 3,750 solar panels, equivalent to powering 300 households. In addition, we went the extra mile with this project, using circular concrete that emits little CO₂. Recycling and reuse targets were high, in part by preserving much of the building and reusing many existing elements. Next to the environmental performance of our portfolio, we always attach great importance to the comfort, safety and security of all building users, i.e. our tenants, but also our neighbouring communities, third party suppliers, property managers and maintenance crews. This is the pace we want to maintain for all future (re)development projects.

We are aware that work is far from complete, as we may need to adjust our strategy every year in response to changing insights and new regulations. We will also have to look beyond 2030 and shift our horizons to 2040 and 2050 in the upcoming years.

As you can see, dear reader, our ESG journey is a never-ending story, filled with ambitious challenges. We look forward to a bright and attractive future, where we aim for sustainable growth, and working intensively towards a more ecological and ethical world. Together with our team, the driving force of our Company, we will help build a more sustainable future for all.

For Befimmo, environmental, social and governance aspects are natural extensions of its business strategy, which focuses on creating value for all its stakeholders, now and in the long term.



Jean-Philip Vroninks

CEO



Rudi op 't Roodt

Chief Technical & Sustainability Officer



Who we are

Befimmo in brief.



Befimmo is the largest private office landlord in Belgium and Luxembourg. As a real-estate investor, operator and developer, we aim to create, manage and build thriving work & life environments and vibrant communities for a sustainable future. Our high-quality, high-performing mixed-use portfolio is valued at €2.8 billion, totalling around 830,000 m² of workspace¹ in major Belux city centres.

From its inception in 1995, Befimmo made its mark on the stock market by becoming Belgium's first Real Estate Investment Trust (REIT). Its mission was clear: to acquire and let state-of-the-art buildings. After nearly 30 years of impressive growth and in order to optimise its operations and simplify refinancing, Befimmo undertook a strategic restructuring in 2023. This involved the merger of Befimmo SA/NV and Fedimmo SA/NV, followed by a split into several legal entities.

However, it's not just asset growth that's of interest to Befimmo; sustainability has also been an early focus. In 2009, Befimmo obtained several ESG certifications, demonstrating that it strives to operate in an environmentally responsible manner. Today, Befimmo leads the Belgian construction industry towards a sustainable future, guiding partners towards or even beyond BREEAM and Cradle-to-Cradle certifications.

Befimmo's current hybrid offer includes traditional leases, fully flexible solutions and a mix of both. Upcoming projects include Work & Life Hubs. This network of hubs and the community that comes with them allows the Company to combine spaces in a way that encourages creativity, innovation and encounters.

In this way, Befimmo has seamlessly combined tradition with a vision for the future, and is always one step ahead in terms of adaptation and innovation. Befimmo's pillars of sustainability, mobility, proximity, digitalisation and a focus on office spaces have contributed to its success. It has become a beacon in the industry, leading the way in redefining property management and user experience.

1. Above-ground surface.

Befimmo in brief

HIGH-QUALITY PORTFOLIO

36 buildings

±830,000 M² workspace
above-ground

€2.8 billion fair value

COWORKING OPERATOR

11 coworking
centres±52,000 M² coworking
space

TENANTS' COMFORT

5 (GOOD)
tenant satisfaction
rate (NPS score)

EXPERT TEAM

76 team
members79% team
satisfaction rate30.2 HOURS
of training on average
per employee

ENVIRONMENTAL PERFORMANCE

126 KWH/M² energy performance of the portfolio
(10% below the CRREM value)76% construction waste diverted
from landfill and incineration

ESG AMBITIONS

40 targets in our
2030 Action Plan23 ENVIRONMENTAL
TARGETS14 SOCIAL
TARGETS3 GOVERNANCE
TARGETS

Our values.

Our teams are driven, engaged, responsible, open, and determined to work in tomorrow's new hybrid world of work. Our positive outlook, trust in people, and executional thoroughness allow us to continue delivering value in real estate - with our values embedded at the heart of everything we do.

Professionalism

We give every project or user, regardless of size, all the attention, thoroughness and professional dedication required, in line with best practices.

Commitment

The team's dedication to Befimmo, its users and its community means that everyone has a high level of involvement in their work, team and projects.

Team spirit

Each member of our team works in a spirit of solidarity and shared responsibility, and is driven as much by achieving common goals as by personal success.

Humanity

We work with an enthusiastic approach that is resolutely human, caring, open and respectful of individuals.

Leading by example

We share the benefit of our research with our users and partners, and we use our influence to foster positive developments in society.

Performance-driven

We aim for superior performance by increasing our customer-centric approach, cost control and focusing on added value processes and projects.

Our mission.

Our mission is to create value for our stakeholders by investing in, developing and operating green working and living ecosystems in growing city centres.

The buy-and-hold approach to real estate is a thing of the past, as the way we work and live is everchanging. We want to accompany this change and provide our users with an unrivalled customer experience.

Our buildings are user-centred, high-quality, ideally located, sustainable and mixed-use. They meet the highest standards of performance and flexibility. Moreover, we want to offer our users a “workspace-as-a-service” through a wide range of solutions.

**We want to offer our users
a “workspace-as-a-service”
through a wide range of solutions.**





Our strategy.

In order to achieve our vision, we will be accelerating our transformation journey towards our seven strategic objectives we have adopted.



01

Activity-based operating model

Befimmo is organised in an activity-based operational model structured into three separate business lines: Portfolio, Operator and Developer. This allows each activity to maintain the focus on its core business with a full dedication to the final user. For each activity, we rely on the track record and existing expertise and competencies of our team.

02

Sector diversification

Befimmo also focuses on driving sectorial diversification and limits its exposure to traditional office buildings while driving towards faster growing segments. The mid-term ambition is to have an increased share of mixed-use work, flex & life hubs and develop residential assets. This will allow for a new balance in our portfolio and the subsequent revenue diversification.

03

Adjusted footprint

Befimmo has the intention to diversify itself geographically, covering the major cities in the Benelux over the next years. Our ambition is to create and operate high-quality, mixed-use projects in growing economic, academic and research hubs.

04

Portfolio management

Befimmo accelerates capital recycling through asset rotation and value creation in the portfolio thanks to a smart and sustainable investment strategy. The portfolio is continuously assessed with a view to divest mature buildings. By accelerating the rotation, selling at maturity, reinvesting, and developing larger, inner-city and multi-modal assets with highest possible environmental and smart standards, we drive value creation through the entire asset cycle. The focus is maintained on total return, revenues, value creation and healthy LTV. We aim to accelerate this trend in the coming years and provide Befimmo with a strong financial base to further develop its core strategy.

05

Client-centric organisation

We want to further develop our client-centric approach thanks to our Operator business line. In order to offer our client an outstanding experience, our ambition is to develop into a one-stop-shop and stand close to our clients throughout their journey within our spaces. To develop this workspace-as-a-service approach, we brought together our in-house coworking activity by Silversquare, the tailor-made and user-centric meeting rooms by Sparks, and a dedicated advisory cell on office planning, which guides clients in defining, designing and building spaces that meet their expectations. The focus lays on hospitality, as a way to boost both well-being and productivity within our workspaces. This strategic objective will develop new revenue streams with the expansion of Silversquare, Sparks and the creation of new design and build, hospitality- and community-based subsidiaries, which should also provide additional sources of income in the mid-term.

06

Disciplined financial management

Befimmo continuously aims to strengthen its financial management and to enhance its reporting structures. Our three-business-lines model allows us to drive synergies, improve cost management, deliver improved margins and offer more transparency. Our strategy accelerates capital recycling through assets rotation with a positive impact on the balance sheet. We want to adopt a strict financial discipline and limit our development risks.

07

Integrated ESG strategy

Any kind of business cannot be prosperous without keeping a proactive ESG strategy. People, Planet and Prosperity go hand in hand for decades now and the interconnection between these three dimensions is intensifying year after year. For Befimmo, environmental, social and governance aspects are natural extensions of Befimmo's business strategy, which is focused on creating value for all its stakeholders, now and in the long term. The Company is committed to operating in a responsible and sustainable manner, in line with its values, and towards all its external and internal stakeholders. Befimmo will ensure that its ESG strategy is applied throughout its value chain.

📄 ESG DASHBOARD, P.39

View our **value-creation model**
on the next page.



**People, Planet
and Prosperity
go hand in hand**
for decades now and
the interconnection
between these
three dimensions
is intensifying year
after year.

VALUE-CREATION MODEL

Capital input

HUMAN AND INTELLECTUAL CAPITAL

- > 76 team members
- > Employee gender diversity of 63% (M) - 37% (F)
- > Employee training of 30.2 hours/employee/year
- > Various partnerships with environmental and social organisations

NATURAL CAPITAL

- > 40.8 GWh of electricity consumption
- > 1.6 GWh of district heating consumption
- > 31.2 GWh of fuel consumption
- > 72,175 m³ of water consumption
- > 849 tonnes of operational waste
- > 8,989 tonnes of construction waste

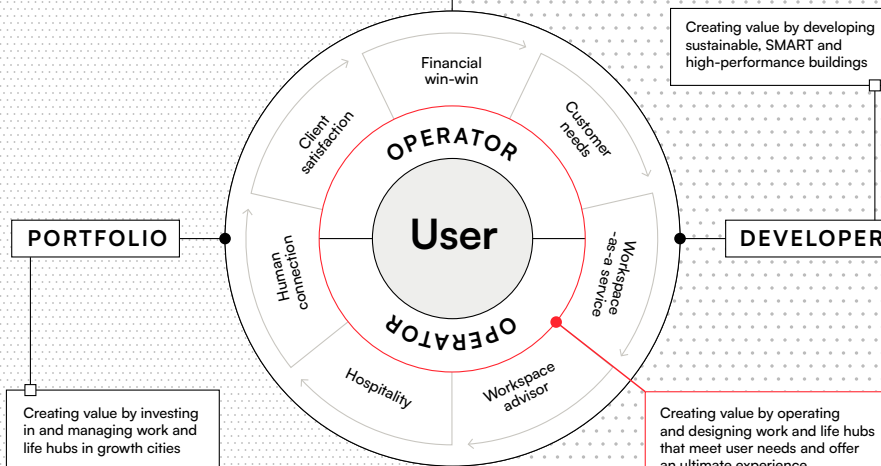
FINANCIAL CAPITAL

- > Fair value of €2,761 million
- > Total project investment of €843 million

INDUSTRIAL CAPITAL

- > 36 buildings and projects representing almost 830,000 m²
- > 11 coworking centres representing almost 52,000 m²

Three business lines



Value creation

VALUE FOR USERS AND SOCIETY

- > Healthy, comfortable and secure working spaces for tenants
- > Open buildings towards the city and its community
- > Knowledge and expertise sharing
- > Implementation of services in neighbourhoods

VALUE FOR THE ENVIRONMENT

- > 20% reduction of absolute scope 1 & 2 GHG emissions (vs 2019)
- > 76% construction waste diverted from landfill and incineration

FINANCIAL CAPITAL

- > Rental income of €118 million (excluding Silversquare)

BUSINESS VALUE

- > 53,861 m² letting activity
- > Around 170 corporate tenants
- > 96% occupancy rate within the portfolio
- > 82% occupancy rate of coworking spaces open since more than three years

MAIN GLOBAL TRENDS → URBANISATION, CLIMATE EMERGENCY, GROWING POPULATION WORLDWIDE, EXPONENTIAL DIGITAL TECHNOLOGIES & NEW ECONOMIES

Highlights of the year.

Updated ESG roadmap

During 2023, Befimmo's ESG team has focused on redeveloping and intensifying its ESG strategy for 2024-2030.

This strategy is translated into an ambitious Action Plan containing measurable ESG targets whose progress will be evaluated on a regular basis.

📄 ESG DASHBOARD, P.39

📄 2030 ACTION PLAN, P.168

Double materiality exercise

Befimmo has undertaken a double materiality assessment to identify the environmental, social and governance issues that are most relevant to the Company and its stakeholders. The 2020 materiality matrix has been updated according to the double materiality principles.

📄 STAKEHOLDER ENGAGEMENT: DOUBLE MATERIALITY ASSESSMENT, P.21

Environmental performance of operational buildings

- > Replacement of boilers with condensing boilers in the **Tervuren** building;
- > Extension of **Central**'s environmental permit;
- > EPC certifications for all buildings in **Flanders**;
- > New bicycle parking in the **Cubus** building and adaptation of the bicycle parking in the **Courbevoie** and **Quatuor** buildings;
- > Installation of 12 charging stations at **Ikaros**.

📄 ENVIRONMENT, P.40

Environmental performance of (re)development projects

- > **LOOM**: Renovation retaining almost 60% of existing materials.
- > **PACHECO**: Following the BREEAM Refurbishment and Fit-Out standard, the Pacheco project has achieved the highest level for its Design phase, i.e. Outstanding.
- > **ZIN**:
 - 95% of the new materials are certified C2C (or equivalent);
 - 65% of the structure is being retained;
 - 30,000 tonnes of dismantled concrete reused in the new concrete of the project.

📄 ENVIRONMENT, P.40

Team satisfaction

In March 2023, all members of the team were invited to participate in the annual satisfaction survey. This survey measures the global satisfaction of the team, as well as the overall level of stress, autonomy and workload. According to the scores, some concrete actions were taken for the team members.

✎ SOCIAL: TEAM DEVELOPMENT AND WELL-BEING, P.72

Tenant satisfaction

As tenant retention and satisfaction is key within Befimmo's business, the Company held its second annual satisfaction survey in the form of an NPS. For this NPS, the Company included 10 multi-tenant buildings containing implemented services for the occupants.

✎ SOCIAL: SERVICES AND NETWORKING OPPORTUNITIES, P.80

Diversity and inclusion: Real Estate Starters Programme

In order to attract young talent, Befimmo launched the Real Estate Starters Programme. This programme is the way for graduates in a technical or management discipline to really get to know the real-estate sector.

✎ SOCIAL: TEAM DEVELOPMENT AND WELL-BEING, P.72

Awards and labels

In 2023, Befimmo received the following awards:

- > EcoVadis: 79/100 (Platinum);
- > UN Global Compact: not scored;
- > GRESB Standing Investments: 76/100 (Green Star);
- > GRESB Developments: 93/100 (Green Star);
- > CDP Climate Change: B Management;
- > ActiveScore for the Central building: Platinum.

Befimmo was also rewarded for the quality of its ESG reporting. Its Report fell under the category of Remarkable Reports in the Best Belgian Sustainability Report Awards.

✎ GOVERNANCE: TRANSPARENT REPORTING AND DISCLOSURE, P.119

Adaptation of corporate policies

In 2023, Befimmo reviewed all its corporate policies in order to take measures to guarantee ethical standards at all levels of the Company, to mitigate any negative impacts related to business conduct and to monitor and manage the related risks. All team members were informed of the adapted policies through a mandatory training.

✎ GOVERNANCE: BUSINESS ETHICS AND COMPLIANCE, P.114



Stakeholder engagement.

Since its creation in 1995, Befimmo has continuously been investing in sustainable and quality buildings, with the target of offering its tenants attractive working spaces.

As from 2008, the focus on sustainability started being more formally operationalised with the creation of its first environmental policy. This policy was further developed into a CSR policy in 2013, focusing on the environment, the tenants, the team and governance. In 2018, social responsibility was integrated for the first time into the Company's overall strategy and thus extended to Befimmo's vision.

For the upcoming years, Befimmo has set up ambitious targets to accelerate its sustainability focus, not only for the Company, but also for its property portfolio and its stakeholders. This acceleration is the perfect illustration of Befimmo's ambition to further shape its vision, mission and purpose to create higher value for all its stakeholders.

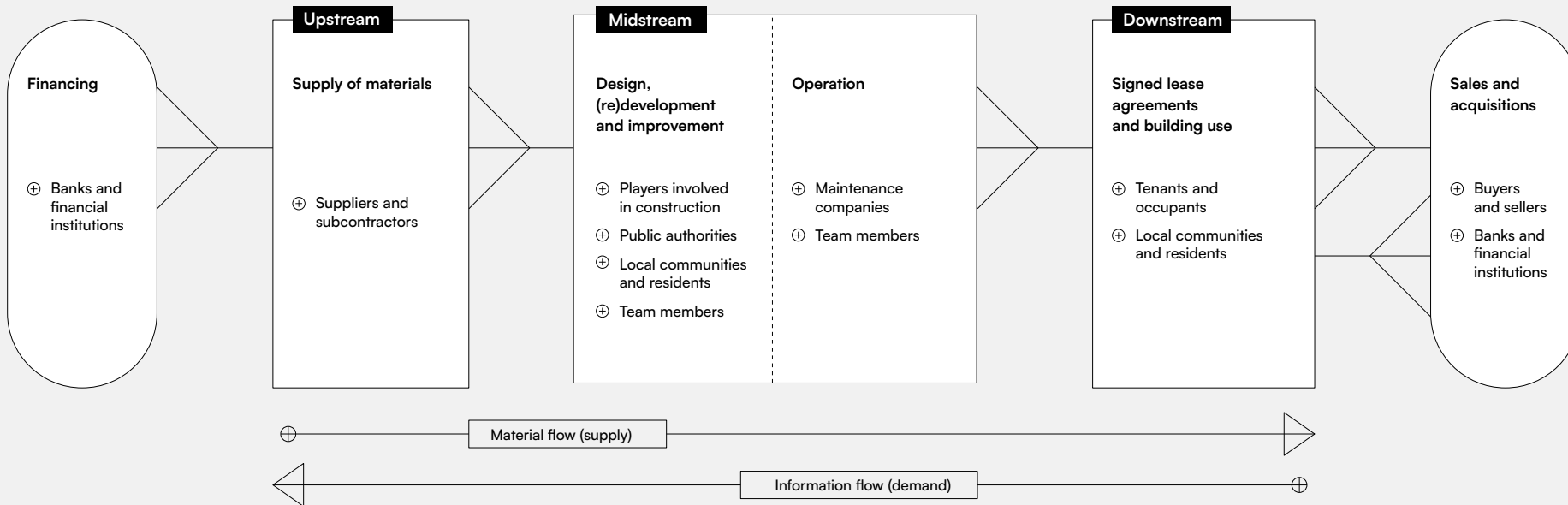
Stakeholder overview

Befimmo brings together many players at the different stages of its buildings' life cycle.

In order to best meet individual expectations and concerns of its stakeholders, Befimmo strives to offer a tailor-made communication for each stakeholder group. Each stakeholder is therefore approached differently, by a specific team member with the best knowledge of the subject matter, and using the most appropriate communication method.

Conducting a constant and proactive dialogue with its stakeholders ensures that the Company keeps in step with their expectations and a constantly changing society. A close connection and a trust-based relationship are the best ways for Befimmo to move forward in a positive societal direction.

Stakeholders in the value chain



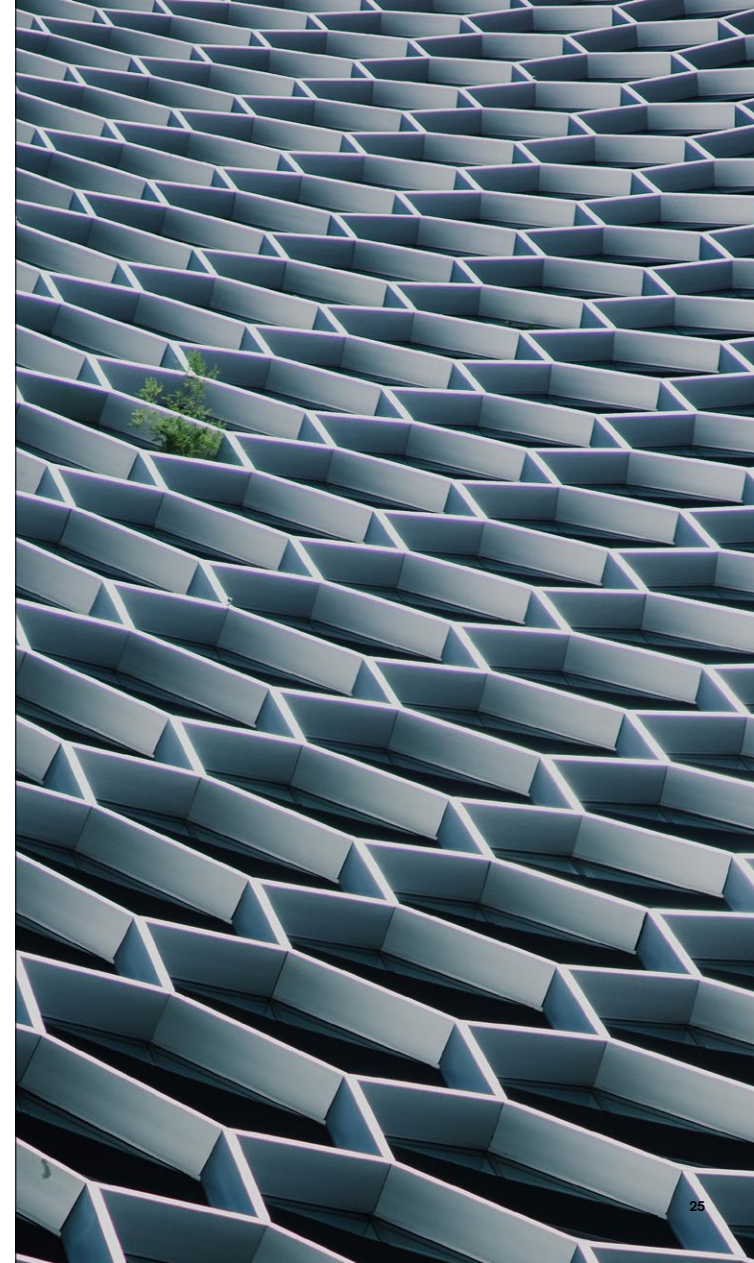
Befimmo has identified and mapped its external and internal stakeholders as follow:

STAKEHOLDERS	VALUE CHAIN	EXPECTATIONS	RESPONSES AND COMMUNICATION MODE	FREQUENCY
Financial community	Upstream	<ul style="list-style-type: none"> › Financial and strategic transparency 	<ul style="list-style-type: none"> › Annual General Meetings 	→ Annually
	Midstream	<ul style="list-style-type: none"> › In line with corporate governance principles 	<ul style="list-style-type: none"> › Reports and press releases 	
	Downstream	<ul style="list-style-type: none"> › Ethics › Business longevity › Financial performance › Leading ESG performance 	<ul style="list-style-type: none"> › Site visits › Information on the website and on social media 	→ Occasionally
Suppliers and subcontractors	Upstream	<ul style="list-style-type: none"> › Fair working practices › Security and well-being › Trusted relationship with the main contact › Compliance › Collaboration opportunities 	<ul style="list-style-type: none"> › Supplier Code of Conduct › Encounters › Regular communication 	→ Frequently
Players involved in construction: architects, design offices, contractors, trades	Midstream	<ul style="list-style-type: none"> › Clear and frequent communication relative to building sites 	<ul style="list-style-type: none"> › Construction site meetings 	→ Frequently
		<ul style="list-style-type: none"> › Security on-site 	<ul style="list-style-type: none"> › Regular communication 	
		<ul style="list-style-type: none"> › Respect of human rights on-site 	<ul style="list-style-type: none"> › Specification › Construction site visits 	
Public authorities and politics	Upstream	<ul style="list-style-type: none"> › Compliance with legislation 	<ul style="list-style-type: none"> › Transparent and regular contact, mainly during (re)development projects 	→ Frequently
	Midstream	<ul style="list-style-type: none"> › Good relationship and open dialogue with various bodies 		
	Downstream			
Local communities and residents	Midstream	<ul style="list-style-type: none"> › Transparent communication relative to (re)development projects 	<ul style="list-style-type: none"> › Accurate and timely communication on (future) projects in the neighbourhood 	→ Occasionally
	Downstream	<ul style="list-style-type: none"> › Events and information sessions › Improvement of community life › Inclusive projects, open to city communities › Hotline to get in touch with Befimmo 		

STAKEHOLDERS	VALUE CHAIN	EXPECTATIONS	RESPONSES AND COMMUNICATION MODE	FREQUENCY
Associations, partnerships and multi-stakeholder forums	Midstream	<ul style="list-style-type: none"> › Awareness of challenges › Information sharing 	<ul style="list-style-type: none"> › Engagement with projects › Meetings, workshops and seminars 	→ Occasionally
Followers of social media, media	Midstream	<ul style="list-style-type: none"> › Information sharing › Regular spot information 	<ul style="list-style-type: none"> › Posts and stories on LinkedIn and Instagram › Press releases 	→ Frequently
Team members	Midstream	<ul style="list-style-type: none"> › Good and fair working conditions › Professional development opportunities › Global and personal performance › Training › Comfort, well-being, security at work › Motivating and fair compensation › Flexible working practices 	<ul style="list-style-type: none"> › Permanent communication (through the Intranet, speakers' corners, screens and Teams channels) › Team events › Transverse working groups › Annual and half-yearly appraisal process › Annual satisfaction surveys › Employee Assistance Programme › Permanent training opportunities 	→ Daily
Tenants and occupants	Downstream	<ul style="list-style-type: none"> › Comfort, well-being, security › Innovative solutions › Adaptable spaces and flexibility › Good contact with the Property Manager › Interesting service offer, including alternative mobility solutions › Fair and suitable lease terms 	<ul style="list-style-type: none"> › Helpsite, contact service › Annual satisfaction surveys › Regular contact with the Commercial and Property Management teams › Regular contact with the Hospitality team of Silversquare 	→ Frequently

Befimmo is also member of various associations and multi-stakeholder forums, with the main aim of sharing information. These associations have no political purpose whatsoever and are not considered as a lobbying activity.

MEMBERSHIPS



Double materiality assessment

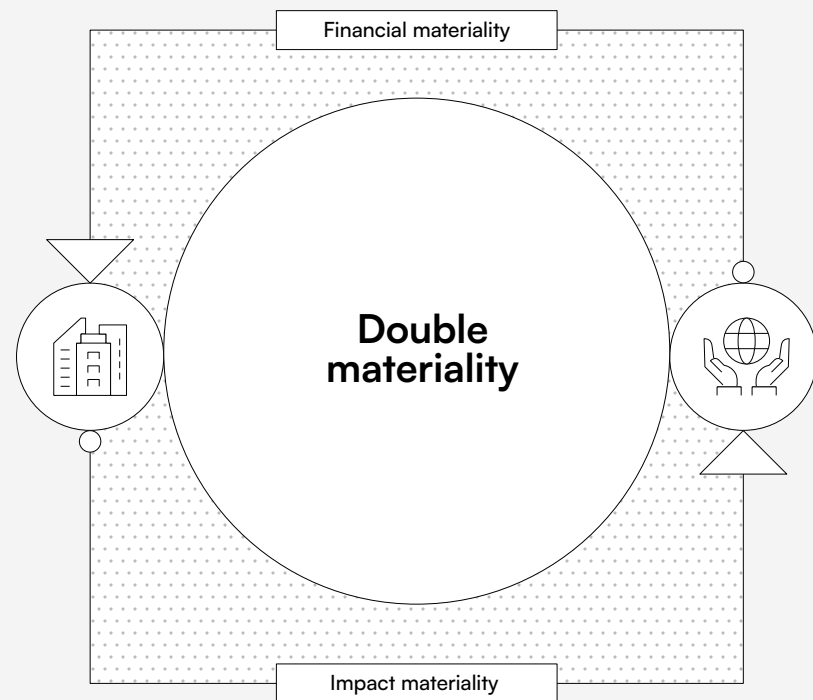
In 2023, the European Sustainability Reporting Standards (ESRS), developed by EFRAG, were adopted for use by all companies subject to the Corporate Sustainability Reporting Directive (CSRD). The standards cover the full range of environmental, social and governance issues.

Befimmo will have to report according to this Directive for its 2025 data, but is already preparing for future reporting standards as of now. The Company has undertaken a double materiality assessment to identify the environmental, social and governance issues that are most relevant to the Company and its stakeholders. The analysis was conducted taking into account:

- The impact that Befimmo's activity has on the environment and society (**inside-out perspective or impact materiality**); and
- The material financial effects of certain sustainability issues on the Company (**outside-in perspective or financial materiality**).

The Company has undertaken a **double materiality assessment to identify the environmental, social and governance issues that are most relevant** to the Company and its stakeholders.

DOUBLE MATERIALITY



Step 01

Identification of material issues

Befimmo has based the choice of its material topics on the European Sustainability Reporting Standards developed by the EFRAG and covers all three ESG dimensions. Some additional subjects, which are more specific to Befimmo's business, have been added to the list.



ENVIRONMENT

- > Climate change mitigation
- > Climate change adaptation
- > Pollution of air
- > Pollution of soil
- > Pollution of water
- > Water consumption
- > Biodiversity and ecosystems
- > Circular economy
- > Responsible materials
- > Mobility, accessibility and connectivity

SOCIAL

- > Own workforce: Working conditions
- > Own workforce: Equal treatment and opportunities for all
- > Tenants: Comfort, health, safety and security
- > Tenants: Data protection, freedom of expression and non-discrimination
- > Inclusive communities
- > Building certification

GOVERNANCE

- > Business ethics and compliance
- > Responsible supply chain management
- > Transparent reporting and disclosure

Step 02

Identification of the right stakeholders

Befimmo has identified internal and external stakeholders who are closely involved with the Company and its sector. The identified stakeholders cover Befimmo's entire value chain.

Two main groups of stakeholders can be identified, namely:

- **Affected stakeholders:** Stakeholders who may be positively or negatively impacted by the undertaking's activities and through its value chain (team and Board members, real-estate actors, tenants and users, suppliers);
- **Users:** Stakeholders with an interest in the undertaking's sustainability reporting (public authorities, civil society organisations, banks).

The identified stakeholders cover Befimmo's entire value chain.

Step 03

Defining the impact materiality

How Befimmo assessed its stakeholders varied based on reach and proximity; most of the stakeholders were assessed through an online survey, while some were interviewed.

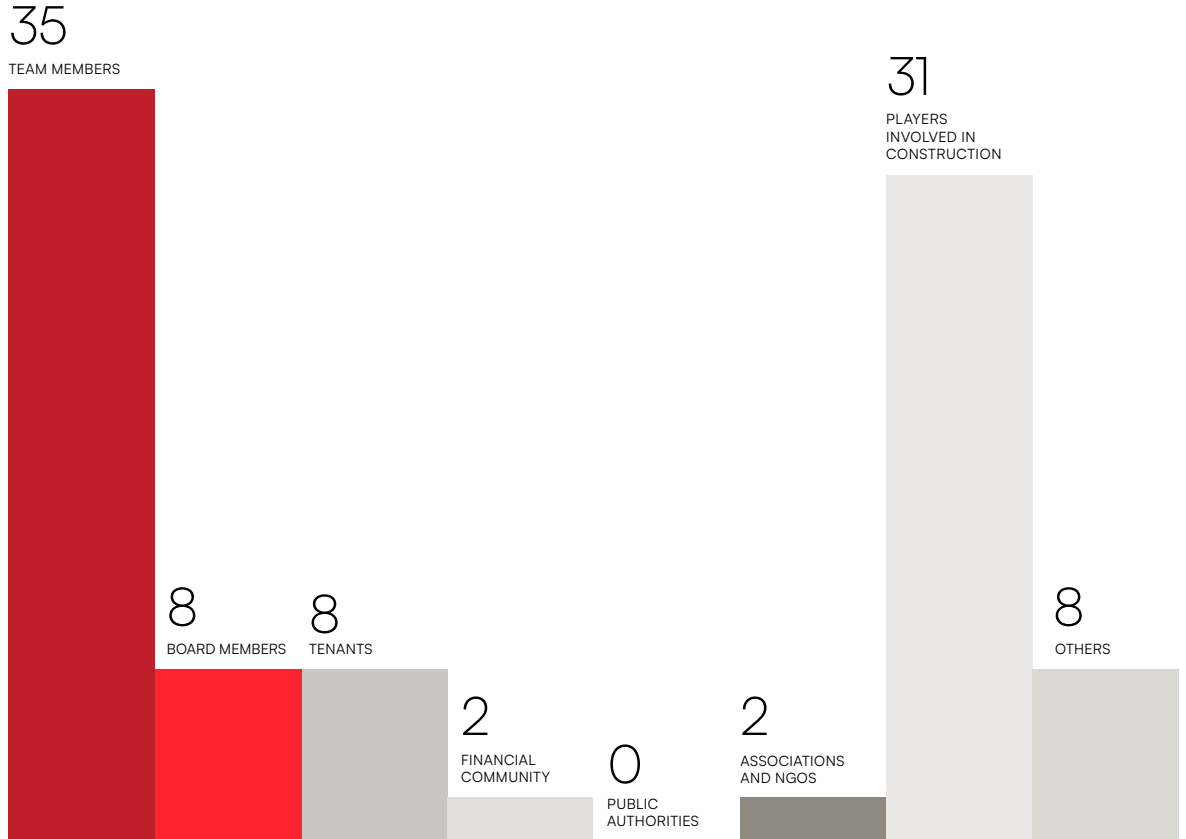
Whereas previously stakeholders were asked which topics they considered important, now they were challenged to identify the Company's most significant impact on the environment and society, as well as the most significant sustainability risks and opportunities for Befimmo.

In total, 94 stakeholders participated in the assessment:

- **Number of interviews: 4**
(including peers, associations and subsidiaries); and
- **Number of online survey participations: 94**
(internal and external stakeholders).

94 stakeholders participated in the assessment

STAKEHOLDERS INVOLVED IN THE DOUBLE MATERIALITY EXERCISE



Step 04

Defining the financial materiality

The financial impact of the external environment on Befimmo was determined internally through a workshop with the Executive Committee and the Leaders. To determine if a topic is financially material or not, specific thresholds have been established in terms of rental income and fair value.

Step 05

Creation of the double materiality matrix

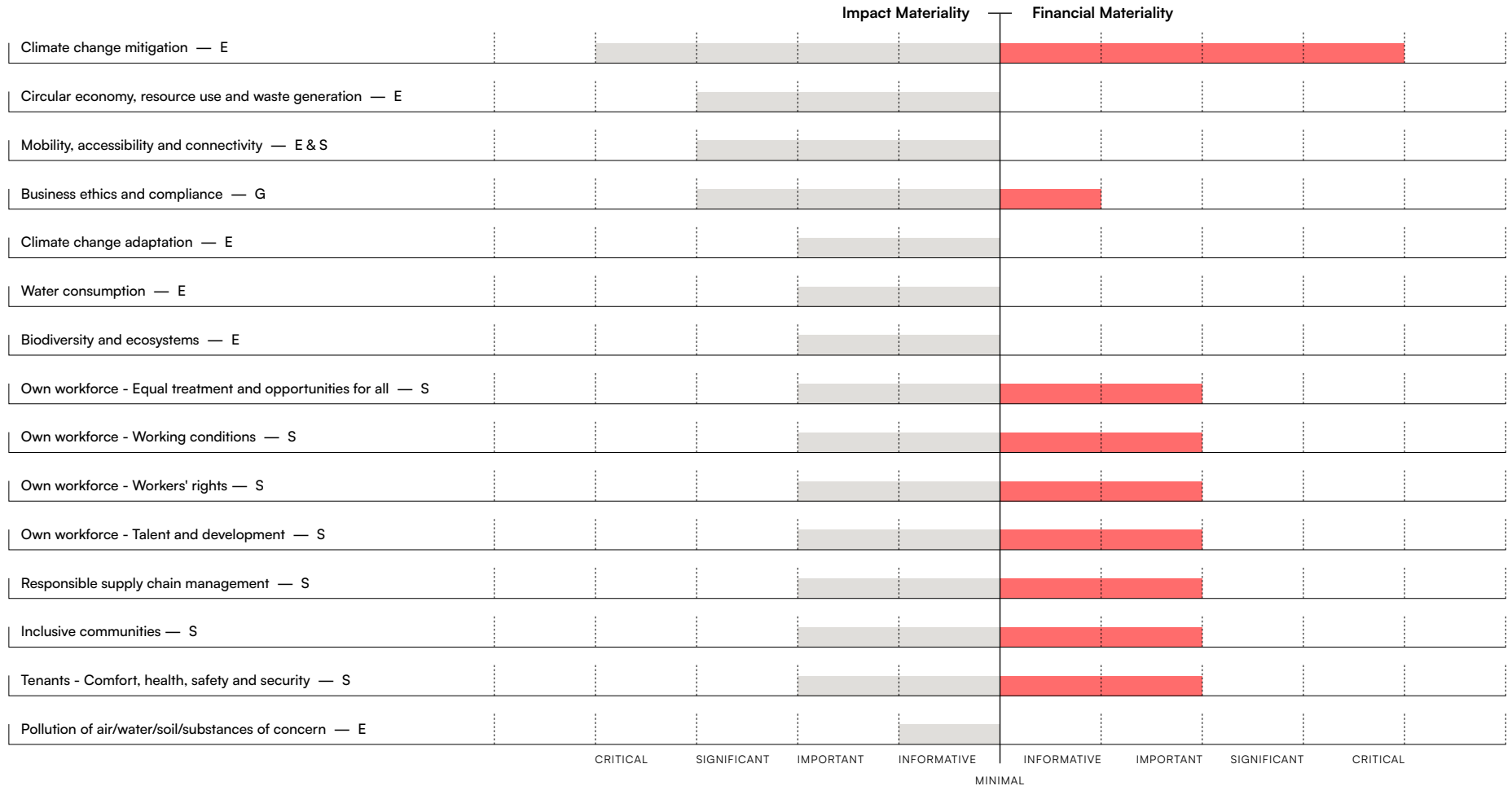
The impact and financial materiality exercises were combined into a double materiality matrix.

This matrix is based on a one to five scale (reaching from "minimal" to "critical"), giving any level of impact (material and financial) in a blink of an eye.

This matrix
is based
on a one to
five scale.



Double materiality matrix



The table hereafter details all ESG risks according to the principle of double materiality.

Specifically for climate-related risks, Befimmo has set up a set of initiatives to contribute to climate-change mitigation as a real-estate player:

- Implementation of the TCFD recommendations;
- Request of the GRESB TCFD alignment report, as well as the Transition risk report;
- Commitment to the Science Based Targets initiative (SBTi) to reduce absolute CO₂ emissions related to scopes 1 and 2;
- Use of the CRREM tool to assess the transition risks for each building.

Each of these initiatives will help the Company to implement targets towards a sustainable future.

▣ ENVIRONMENT: CLIMATE CHANGE MITIGATION, P.41

For the social and governance risks, Befimmo has developed a set of policies to mitigate risks and address undesired behaviour.

▣ GOVERNANCE: BUSINESS ETHICS AND COMPLIANCE, P.114

The table hereafter details all ESG risks according to the principle of double materiality. Each of these risks is closely monitored throughout the year by specific departments who will implement mitigation and prevention actions whenever necessary. The departments concerned are mainly Environment, Project, Human Resources, Property Management and Legal Corporate. The actions to mitigate or tackle the risks and their impact are described in the Environment, Social and Governance chapters hereafter.

ESG RISKS 1-5

TOPIC	DESCRIPTION	IMPACT MATERIALITY	MATERIAL IMPACT ON:	FINANCIAL MATERIALITY	FINANCIAL IMPACT ON:
ENVIRONMENTAL RISKS					
Climate change mitigation <i>Energy efficiency</i>	Use of less energy to perform the same task or produce the same result. Energy-efficient buildings use less energy to heat, cool and run appliances and electronics.	<ul style="list-style-type: none"> - Contribution to climate change through CO₂ emissions; - Contribution to depletion of natural resources and climate change through use of raw materials. 	<ul style="list-style-type: none"> - Current/Emerging regulation; - Legal; - Technology; - Market; - Reputation. 	<ul style="list-style-type: none"> - Stranded assets (i.e. buildings that are no longer be rentable at market price, nor financeable); - Increasing rental costs; - Decreasing attraction of (potential) clients, leading to decreasing revenues. 	<ul style="list-style-type: none"> - Rental income; - Fair value.
Climate change mitigation <i>GHG emissions</i>	GHG emissions result partly from the direct use of fossil fuels in buildings and partly from the production of electricity and heat for use in buildings.				



OVERVIEW

IMPACT, RISK AND OPPORTUNITY MANAGEMENT.

ESG RISKS 2-5

TOPIC	DESCRIPTION	IMPACT MATERIALITY	MATERIAL IMPACT ON:	FINANCIAL MATERIALITY	FINANCIAL IMPACT ON:
ENVIRONMENTAL RISKS					
Climate change adaptation <i>Climate-related physical risks</i>	Risks that arise from the physical effects of climate change. - Acute: Extreme weather events (e.g. storms or floods); - Chronic: Changes in precipitation patterns and extreme variability in weather patterns (e.g. increased average temperatures).	- Contribution to climate change through CO ₂ emissions; - Impact on citizens' health and well-being (flooding, temperature control, air pollution).	- Current/Emerging regulation; - Legal; - Technology; - Market; - Reputation.	- Stranded assets; - Degradation and obsolescence of buildings leading to increasing refurbishing costs; - Decreasing attraction of (potential) clients, leading to decreasing revenues; - Adjustments of rents; - Increasing insurance costs; - Increasing investments to adapt the building to the future climate situation; - Interruption or delay of construction works; - Not meeting all the applicable new standards and regulations, therefore suffering financial consequences.	- Rental income; - Fair value.
Climate change adaptation <i>Climate-related transition risks</i>	Risks related to the process of transitioning away from reliance on fossil fuels and toward a low-carbon economy: - Carbon pricing mechanisms; - Enhanced emissions-reporting obligations; - Mandates on and regulation of existing products and services; - Exposure to litigation; - Substitution of existing products and services with lower emissions options; - Changing customer behaviour; - Increased cost of raw materials, waste treatment, energy, water; - Increased stakeholder concern or negative stakeholder feedback.				



OVERVIEW

IMPACT, RISK AND OPPORTUNITY MANAGEMENT.

ESG RISKS 3-5

TOPIC	DESCRIPTION	IMPACT MATERIALITY	MATERIAL IMPACT ON:	FINANCIAL MATERIALITY	FINANCIAL IMPACT ON:
ENVIRONMENTAL RISKS					
Pollution	The direct or indirect introduction of pollutants into air, water or soil which may be harmful to human health and/or the environment, which may result in damage to material property, or which may impair or interfere with amenities and other legitimate uses of the environment.	<ul style="list-style-type: none"> - Contribution to biodiversity loss through soil sealing and pollution; - Impacts on citizens' health and well-being (flooding, temperature control, air pollution). 	<ul style="list-style-type: none"> - Current/Emerging regulation; - Legal; - Technology; - Market; - Reputation. 	<ul style="list-style-type: none"> - Impact on the undertaking's cash flows, performance, position, development, cost of capital or access to finance; - Operating and capital expenditures occurring in the reporting period in conjunction with major incidents and deposits; - Provisions for environmental protection and remediation costs; - Significant costs of cleaning and depolluting contaminated areas in buildings and land; - Increasing potential delay and difficulties in obtaining a permit. 	Fair value
Water consumption	Water consumption of wash hand basin taps, showers, toilets, etc.	Contribution to water resource pressure through water consumption and soil sealing.	<ul style="list-style-type: none"> - Current/Emerging regulation; - Legal; - Technology; - Market; - Reputation. 	Increasing cost due to overconsumption or rising water prices.	Rental income
Biodiversity and ecosystems <i>Land use</i>	Using land for construction projects, therefore risking artificialisation, invasive alien species, pollution, etc.	<ul style="list-style-type: none"> - Contribution to biodiversity loss through soil sealing and pollution; - Impacts on citizens' health and well-being (flooding, temperature control, air pollution); 	<ul style="list-style-type: none"> - Current/Emerging regulation; - Legal; - Technology; - Market; - Reputation. 	<ul style="list-style-type: none"> - No significant financial risk recorded for land use if permit is obtained; - Increased cost of resources; - Increased regulatory requirements and stakeholder expectations regarding sustainability; - Possible reduction in the value of buildings. 	Fair value
Biodiversity and ecosystems <i>Raw material production or sourcing</i>	Impact of extraction and production of raw materials on natural environments.	<ul style="list-style-type: none"> - Contribution to depletion of natural resources and climate change through use of raw materials. 	<ul style="list-style-type: none"> - Current/Emerging regulation; - Legal; - Technology; - Market; - Reputation. 	<ul style="list-style-type: none"> - No significant financial risk recorded for land use if permit is obtained; - Increased cost of resources; - Increased regulatory requirements and stakeholder expectations regarding sustainability; - Possible reduction in the value of buildings. 	Fair value

OVERVIEW

IMPACT, RISK AND OPPORTUNITY MANAGEMENT.

ESG RISKS 4-5

TOPIC	DESCRIPTION	IMPACT MATERIALITY	MATERIAL IMPACT ON:	FINANCIAL MATERIALITY	FINANCIAL IMPACT ON:
ENVIRONMENTAL RISKS					
Circular economy <i>Resource use</i>	Sharing, leasing, reusing, repairing, refurbishing and recycling existing materials and products as long as possible.	Contribution to depletion of natural resources and climate change through use of raw materials.	<ul style="list-style-type: none"> - Current/Emerging regulation; - Legal; - Technology; - Market; - Reputation. 	<ul style="list-style-type: none"> - Increasing cost of resources and building materials; - Increasing investments to adapt the building. 	Fair value
SOCIAL RISKS					
Working conditions within the team <i>Health and safety</i>	Protection from sickness, disease and injury arising from workers' employment.	<ul style="list-style-type: none"> - Impact on well-being, health and comfort of the team; - Difficulty in attracting and retaining team members; 	<ul style="list-style-type: none"> - Legal; - Reputation. 	<ul style="list-style-type: none"> - Significant potential cost linked to employee dissatisfaction, followed by long-term illnesses, departure of team members, potential lawsuits, etc.; 	Rental income
Working conditions within the team <i>Equal treatment and opportunities for all</i>	Access to equal opportunities, including freedom from discrimination based on gender, racial or ethnic origin, nationality, religion or belief, disability, age or sexual orientation; equality in pay; access to secure employment; equal treatment regarding working conditions, access to social protection and training; and inclusion of persons with disabilities.	<ul style="list-style-type: none"> - Lack of team engagement or motivation. 		<ul style="list-style-type: none"> - Increasing recruitment cost or external consultancy cost; - Increasing training cost and healthcare expenditure; - Significant cost linked to reputation and image, fines and remediation; - Loss of key skills in the Company leading to a delay in achieving some objectives. 	
Working conditions within the team <i>Child labour</i>	Work that deprives children of their childhood, their potential and their dignity, and that is harmful to physical and mental development.				
Working conditions within the team <i>Forced labour</i>	All work which is exacted from any person under the threat of penalty and for which the person has not offered himself or herself voluntarily (i.e. labour exploitation, human trafficking and modern slavery).				

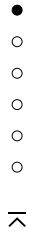
OVERVIEW

IMPACT, RISK AND OPPORTUNITY MANAGEMENT.

ESG RISKS 5-5

TOPIC	DESCRIPTION	IMPACT MATERIALITY	MATERIAL IMPACT ON:	FINANCIAL MATERIALITY	FINANCIAL IMPACT ON:
SOCIAL RISKS					
Working conditions within the supply chain <i>Health and safety</i>	Suppliers must be protected from sickness, disease and injury arising from their employment.	Impact on well-being, health and comfort of the suppliers.	- Legal; - Reputation.	- Financial and reputation costs due to uninsured risks resulting from physical injury during construction and maintenance; - Interrupted production leading to delivery delays; - Significant cost linked to reputation and image, fines and remediation.	Rental income
Working conditions within the supply chain <i>Child labour</i>	Work that deprives children of their childhood, their potential and their dignity, and that is harmful to physical and mental development.				
Working conditions within the supply chain <i>Forced labour</i>	All work which is exacted from any person under the threat of penalty and for which the person has not offered himself or herself voluntarily (i.e. labour exploitation, human trafficking and modern slavery).				
Local community engagement	Maintaining a stable and lasting relationships with the local communities around its assets based on the creation of positive impacts and two-way communications.	Impact on well-being, health and comfort of the community.	- Legal; - Reputation.	Financial and reputation costs due to uninsured risks resulting from physical injury during construction and maintenance.	Rental income
Working conditions within the supply chain <i>Health and safety</i>	Offering a healthy, comfortable and secure building for tenants (in terms of air quality, acoustics, lighting, fire prevention, heating, ventilation).	Impact on well-being, health and comfort of the tenants.	- Legal; - Reputation.	Loss of important tenants in the portfolio leading to increased vacancy rate and a loss of rental income.	Rental income
GOVERNANCE RISKS					
Business ethics and compliance	Acting following a set of rules that details the Company's values, ethics and beliefs alongside the rules that govern legal compliance. It also represents the principles and ethical standards that the entity upholds.	Reputational impact, affecting the Company's stakeholders.	- Legal; - Reputation.	Significant cost linked to reputation and image, fines and remediation.	Rental income

ESG dashboard.



ENVIRONMENT

MATERIAL TOPICS

- > Climate change mitigation
- > Climate change adaptation
- > Sustainable use and protection of water
- > Transition to a circular economy
- > Pollution prevention and control
- > Protection and restoration of biodiversity
- > Building certification
- > Mobility and accessible buildings

FORMAL COMMITMENTS

- > ESG Policy
- > Science Based Target Initiative
- > Belgian Alliance for Climate Action
- > Taskforce on Climate-Related Financial Disclosure
- > Signatory to the UN Global Compact

SUSTAINABLE DEVELOPMENT GOALS



2030 ACTION PLAN

- > 23 environmental targets, p.168

STAKEHOLDERS CONCERNED

- > Upstream - Midstream - Downstream

SOCIAL

MATERIAL TOPICS

- > Team development and well-being
- > Services and networking opportunities
- > Responsible supply chain management
- > Integration of buildings into cities
- > Comfort, security and safety within the supply chain
- > Commitment towards the community

FORMAL COMMITMENTS

- > ESG Policy
- > HR Policy
- > Diversity Policy, Inclusion and Zero Tolerance
- > Supplier Code of Conduct
- > Community Engagement Programme
- > Philanthropy and Associative Partnership Policy
- > Signatory to the UN Global Compact

SUSTAINABLE DEVELOPMENT GOALS



2030 ACTION PLAN

- > 14 social targets, p.169

STAKEHOLDERS CONCERNED

- > Upstream - Midstream - Downstream

GOVERNANCE

MATERIAL TOPICS

- > Corporate governance statement
- > ESG decision-making process
- > Business ethics and compliance
- > Transparent reporting and disclosure

FORMAL COMMITMENTS

- > ESG Policy
- > Code of Ethics
- > Whistleblowing Policy
- > Anti-Corruption Policy
- > Data Privacy Policy
- > Signatory to the UN Global Compact

SUSTAINABLE DEVELOPMENT GOALS



2030 ACTION PLAN

- > 3 governance targets, p.169

STAKEHOLDERS CONCERNED

- > Upstream - Midstream - Downstream