

GREEN FINANCE FRAMEWORK.

July 2021



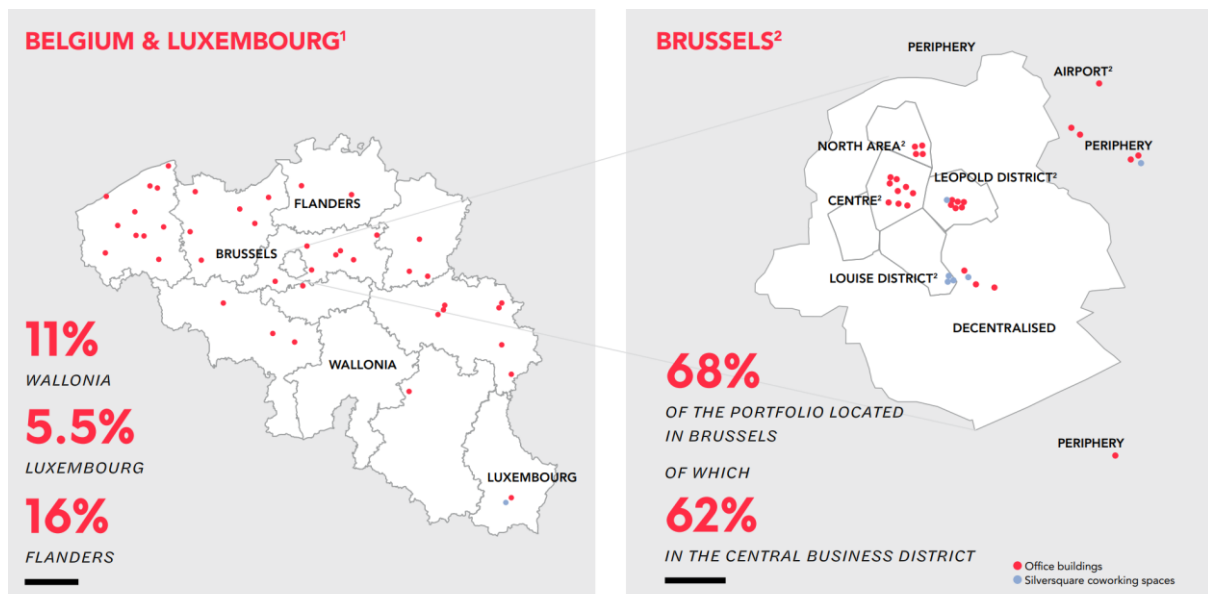
The Befimmo Green Finance Framework

COMPANY PROFILE

Befimmo is a regulated Belgian Real-Estate Investment Trust (BE-REIT) listed on Euronext Brussels, with more than 25 years of experience.

We are a facilitator of enterprises, entrepreneurs, and their teams. Our high-quality portfolio is located in Brussels, the main Belgian towns and cities, and the Grand Duchy of Luxembourg. It is worth €2.7 billion and comprises 63 office buildings and more than 950,000 m² of space.

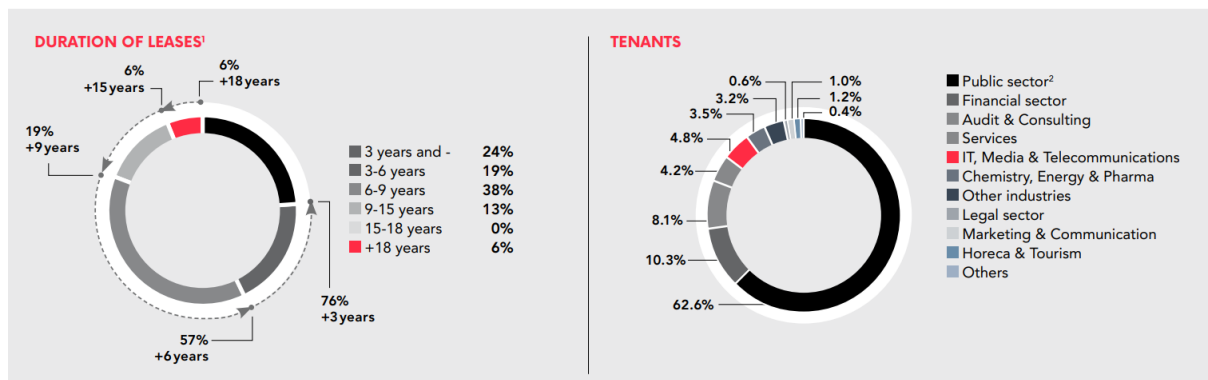
In partnership with our specialised subsidiary Silversquare, we operate seven coworking spaces and are jointly developing a Belux network of flexible workspaces. This hybrid offer includes traditional leases, fully flexible solutions, and a mix of both, allowing users to combine workspaces in ways that promote creativity, innovation, and networking.



¹ The percentages are expressed on the basis of the fair value of the investment properties as at 31 December 2020.
² Brussels CBD and similar.

Annual Financial Report 2020, 26 March 2021

Befimmo has a robust tenant base with long maturities and large proportion of properties rented out to government institutions.



¹ The proportions are expressed on the basis of the gross current rent from lease agreements as at 31 December 2020.

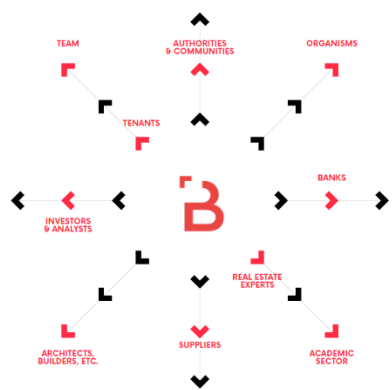
Annual Financial Report 2020, 26 March 2021

SUSTAINABLE STRATEGY

Befimmo began its sustainability journey by creating its first environmental policy back in 2008. This policy was further developed into a CSR policy in 2013, focusing on the environment, the tenants, the team and governance. Since 2017, Social Responsibility has been fully integrated into the Company's overall strategy. We carried out a comprehensive exercise that led to the creation of six strategic axes and the integration of 15 of the 17 UN Sustainable Development goals in our day-to-day business.

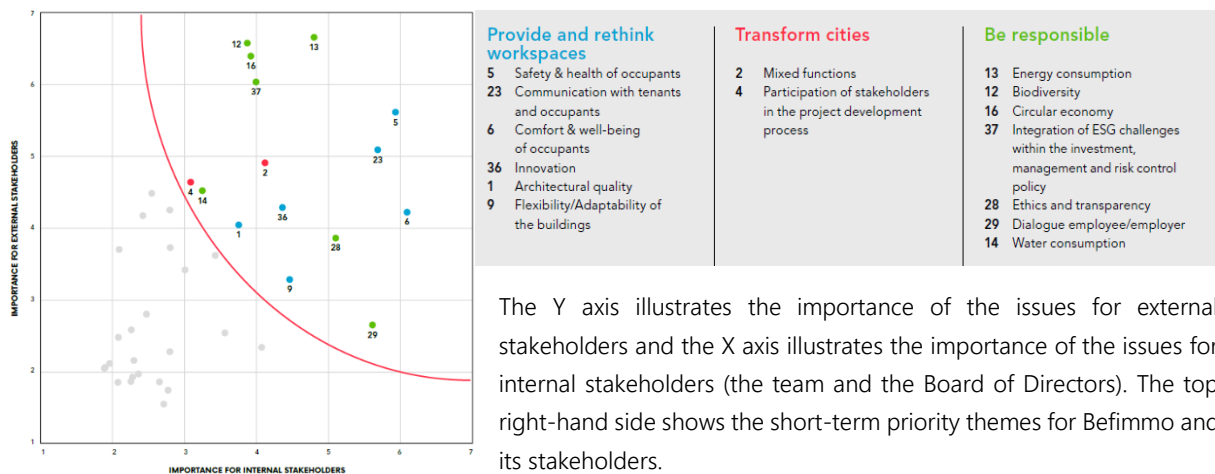
Within the framework of continuous improvement, Befimmo decided to re-challenge its priorities in 2020. The aim of this analysis was to challenge our existing strategy, and the priorities set out in our latest materiality matrix.

STAKEHOLDER IDENTIFICATION AND PRIORITISATION PROCESS



In order to challenge our existing priorities, Befimmo approached a diversified panel of external (academic, real-estate, etc.) and internal stakeholders, who allowed us to gather various interesting points of view through interviews, workshops or an online survey.

Through a materiality matrix, we've then identified and prioritised the environmental, social and governance (ESG) issues, taking into account the expectations of our stakeholders.



The Y axis illustrates the importance of the issues for external stakeholders and the X axis illustrates the importance of the issues for internal stakeholders (the team and the Board of Directors). The top right-hand side shows the short-term priority themes for Befimmo and its stakeholders.

In this way, Befimmo has identified and prioritised 15 environmental, social and governance priorities and grouped them into three commitment categories: Provide and rethink workspaces, Transform cities and Be responsible.

In addition to these priorities, Befimmo is committed to respecting the regulations and other requirements of its stakeholders. Moreover, the three commitments and their priorities are linked to several SDGs.

OBJECTIVES AND PROGRESS

These three main commitments enabled us to review our mission, in the form of a model, that reflects the way we view our business today and tomorrow. Our model has four layers. Starting from the centre:

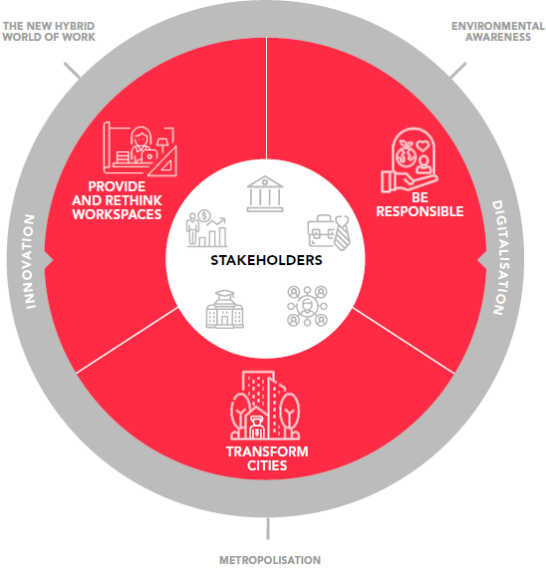
1. Stakeholders
Our external and internal stakeholders are the driving force for Befimmo's evolution and activities.

2. Commitments

| | | |
|---|---|---|
| <p>PROVIDE AND RETHINK WORKSPACES</p> <p>Befimmo needs to provide qualitative assets for its tenants, and build communities by offering facilitating services and extending the coworking network.</p> <p>Provide quality assets</p> <ul style="list-style-type: none"> - Build flexible and adaptable buildings - Improve comfort, security and safety - Create innovative projects - Obtain building certifications <p>Build and animate communities</p> <ul style="list-style-type: none"> - Create and improve services - Extend the coworking network and meeting opportunities | <p>TRANSFORM CITIES</p> <p>We are a major player in how cities are evolving and transforming, through the integration of open services for communities in our buildings and investment in better accessibility solutions.</p> <p>Integrate the building into the city</p> <p>Provide easily accessible buildings</p> | <p>BE RESPONSIBLE</p> <p>Befimmo must be an example for others and act responsibly on environmental, social and governance issues.</p> <p>Environmental criteria</p> <ul style="list-style-type: none"> - Combat climate change and its impact - Adopt circular economy principles - Make rational use of water - Reduce pressure on biodiversity - Promote sustainable procurement practices - Reduce the environmental impact of the team <p>Social criteria</p> <ul style="list-style-type: none"> - Taking care of our team and the communities in which we operate <p>Governance criteria</p> <ul style="list-style-type: none"> - Behave ethically - Communicate transparently |
|---|---|---|

3. Means
Digitalisation and innovation kept in mind throughout the entire process.

4. External trends and drivers
There are many forces that impact what we do at Befimmo. We are the result of each and every one of them. [READ MORE ON PAGE 27](#)



The objectives, prepared together with the management and its team, are included in the Action Plan 2030, which is supervised by the Environmental department and the Transformation & Impact team, and is reported every six months to the Befimmo Social Responsibility Team.

FRAMEWORKS AND TRANSPARENT COMMUNICATION

Since 2017, Befimmo takes into account 15 of the 17 Sustainable Development Goals (SDGs) drawn up by the United Nations. The same year, it signed the UN Global Compact letter, committing itself to integrate and promote several of the principles relating to human rights, decent work, the environment and the battle against fraud. In 2020, the materiality matrix was reexamined with both internal and external stakeholders, taking into account of environmental, social and governance aspects.

Befimmo reports according to the Sustainability Best Practices Recommendations of the EPRA, as well as the Global Reporting Initiative (GRI) Standards (2016 edition) and on the Construction and Real Estate Sector Supplement Disclosure.

To assess Befimmo's extra-financial reporting, the Company participates in various stakeholder questionnaires for many years now¹. The yearly assessments performed include :

- GRESB²: Befimmo has filled in the GRESB assessment since 2012. The Company reached the Green Star level since 2014 and was able to maintain a high overall score for years. Action points are taken after each assessment to improve where necessary.
- CDP³: Befimmo participates in the CDP assessment since 2013. The Company was able to maintain a high overall score for years as well, and currently has an A- Leadership score.

1. The different benchmarks used and the scores obtained every year are described in Befimmo's annual financial report
 2. GRESB is the environmental, social and governance (ESG) benchmark for real assets.
 3. CDP (Carbon Disclosure Project) is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.

Moreover, Befimmo is ISO 14001⁴ certified since 2010, which confirms that the Company truly wishes to set up, improve, and maintain its environmental management system to conform with its established environmental policy and requirements. Its current certification is valid until November 2022.

GREEN FINANCE FRAMEWORK

The Befimmo Green Finance Framework lays out a clear process in accordance with the Green Bond Principles set forth by International Capital Markets Association (ICMA) and the Green Loan Principles by the Loan Market Association (LMA).

It provides the supporting structure on which Befimmo can issue Green Bonds, Green Private Placements or Green Bank Financing to drive its sustainability targets.

As a whole the framework sets out to provide the investors with the necessary information to evaluate the environmental impact of their investment. Therefore, it will define the criteria for selecting eligible projects, the process for project evaluation and selection, the management of the proceeds and the timely disclosure of information.

USE OF PROCEEDS

An amount equivalent to the net proceeds of the Green financings put in place will be used exclusively to finance, or refinance, projects or parts of projects that meet at least one of the eligibility criteria:

| Category | Eligibility Criteria |
|---|---|
| Exemplarity - Green buildings | <ul style="list-style-type: none"> • Investments in new assets that have at least a BREEAM rating 'Excellent' for the design or construction phase, <ul style="list-style-type: none"> ○ or a DGNB rating 'Gold', ○ or a GRO rating 'Better', ○ or any other equivalent rating from any other recognised agency • Refinancing of existing assets that have at least a BREEAM Asset rating 'Very Good' for the in use phase <ul style="list-style-type: none"> ○ or a DGNB rating 'Silver', ○ or any other equivalent rating from any other recognised agency <p>The Breeam in use certification includes a number of criteria related to the development of tenants' private areas. As Befimmo's level of control over these improvements is often very limited, it considers a score slightly lower than that for Breeam New Construction and/or refurbishment.</p> |
| Use of resources - Energy efficiency & renewable energy | <ul style="list-style-type: none"> • Investments focusing on Energy Efficiency measures in existing work environments (Insulation, Relighting with LED, Motion detectors, energy monitoring tools etc) • Onsite renewable energy generation such as Solar, Geothermal energy projects, which have a carbon intensity lower than 100gCO₂e/kWh <p>https://www.befimmo.be/sites/default/files/fiche_axe_utilisation_des_ressources_en_final.pdf</p> |

4. ISO 14001 is the international standard that specifies requirements for an effective environmental management system (EMS).

PROCESS OF EVALUATION AND SELECTION

Befimmo will follow a transparent process for selection and evaluation of eligible assets as defined in the Use of Proceeds section described in d.i. The underlying Eligible Projects are required to comply with local laws and regulations, including any applicable regulatory environmental and/or social requirements.

The different implicated parties for the evaluation and selection process are listed hereunder.

At Board level

The Directors of Befimmo set and approve budgets and major decisions on Social Responsibility, notably at strategy meetings and at the meetings scheduled every quarter before the quarterly publication of results .

Social Responsibility is now also fully integrated into the day-to-day management of the Company.

At the strategic level

The Social Responsibility Team (SRT) consists of five people including three members of the Executive Committee: the Chief Executive Officer (CEO), the Chief Financial Officer (CFO), the Chief Operating Officer (COO), the Head of Environmental Management (HEM) and the Head of Transformation & Impact (HT&I). This team meets every half-year and is responsible for developing and monitoring the overall Action Plan 2030, and releasing adequate resources, and takes an active part in the annual management review of the ISO 14001 Environmental Management System. Sustainability topics are also discussed every month during Executive Committee meetings.

At the operational level

The Environmental Technical Team consists of five specialists with the task of improving the environmental performance of the portfolio. It meets regularly and its responsibilities include implementing the Action Plan 2030. These specialists include the Green Adviser who monitors the effectiveness of energy investments on the ground while ensuring a high level of comfort for tenants.

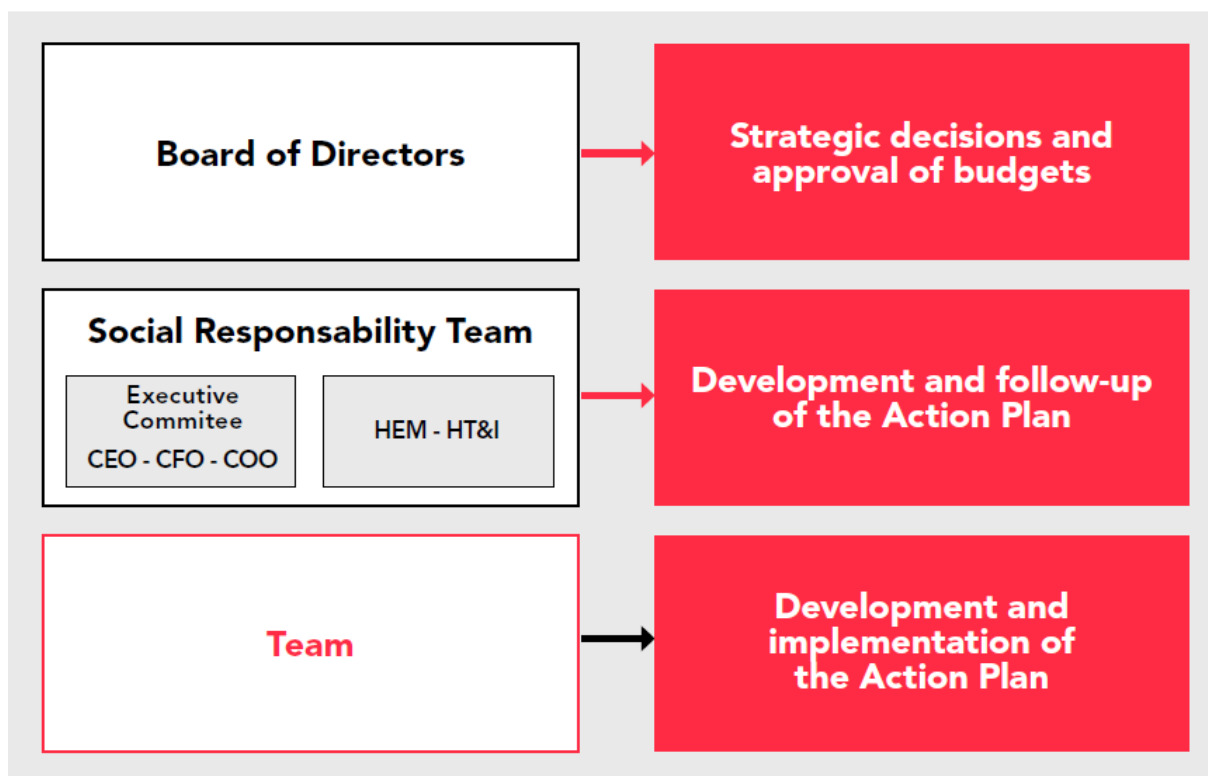
The Head of Transformation & Impact, a member of the Social Responsibility Team, reports directly to the CEO. Her role is both strategic (developing strategy on ESG topics, managing relations with stakeholders) and operational (coordinating and running CSR projects, managing the Action Plan 2030, acting as in-house consultant for other departments, and encouraging staff to embrace change).

The Human Resources department is responsible for educating all members of the team to take more account of Social Responsibility, for following up initiatives, and for continuing to develop Befimmo's strong corporate culture.

Other staff also have specific responsibilities defined in the Environmental Management System: the General Counsel, Head of Legal, Chief Commercial Officer, Property Managers, Head of Investments, Internal Audit, Project Managers, etc.

All other team members are involved in the Social Responsibility approach of the Company, depending on their field of expertise, and are aware of the major impact of the real-estate sector on the environment. The objectives described in the Action Plan 2030 for each department are the driving force towards a more sustainable reflexion.

All activities related to Social Responsibility, innovation, digitalisation, and sustainability are achieved in co-operation with Befimmo's in-house Transformation & Impact team.



For the Green Finance Framework, the evaluation and selection process will be applied as follow:

- Investments and/or projects are proposed by the various internal departments.
- The Social Responsibility Team (SRT) is in charge of verifying their eligibility with regard to (i) the eligibility criteria, (ii) internal policies, (iii) local and national legislation and regulations and (iv) the quality matrix (on top of regular legislation, each eligible project is assessed according to the criteria included in Befimmo's quality matrix). All project proposals are then presented at least once a year during an Executive Review or Social Responsibility Team meeting.
- The Social Responsibility Team is also in charge of the monitoring of ESG controversies throughout the entire lifecycle of the financing under this framework. The ISO 14001 procedure enables Befimmo to check if the environmental impact and BREEAM criteria are respected. When the planned works are likely to have an impact on the eligibility criteria like the BREEAM certification or the energy performance of the building, the Environmental Technical Team (ETT) is directly notified by the Property Manager or Project Manager.
- The Social Responsibility Team also ensures the traceability of the decision-making process through the meeting reports established during each Executive Review or Social Responsibility Team meeting.
- Finally, all chosen projects are presented to the Company board.

MANAGEMENT OF PROCEEDS

The net proceeds will be earmarked and tracked by the controlling department of Befimmo in an appropriate manner, as per the GBP and GLP requirements. The proceeds of Green Financing will be allocated globally to eligible Green Projects within 3 years of the issue date. The balance of tracked proceeds versus the total costs of the eligible projects will be reviewed on an annual basis to match any allocation made over the period. Any temporary unallocated proceeds will be used to manage daily liquidity and working capital needs. As the company is structurally indebted, and holds only minimal amounts of cash or cash equivalents, this will amount to repayment of outstanding short-term debt.

In case a project would no longer meet the eligibility criteria set forth in this document, the team will revalidate that the total costs of the remaining eligible projects is still higher than the total of the tracked proceeds. Should no other eligible projects be available, the unallocated proceeds will be used to manage daily liquidity and working capital needs, until a new project becomes eligible and ideally within a period of 24 months.

REPORTING

Use of Proceeds

On an annual basis, Befimmo will provide an update on the status of the use of proceeds,

- An overview of the financing issued under this framework
- The total amount outstanding on these instruments issued
- The amount of proceeds that have been allocated to eligible assets including a breakdown by asset
- The amount of unallocated proceeds if any

Impact Reporting

If any financing is outstanding under this framework and on an annual basis, Befimmo will report on the environmental impact of the eligible assets financed or refinanced by the proceeds of the financing issued under this framework.

The impact reporting will include reporting on pre-defined environmental impact indicators. Any information pertaining to the methodologies and assumptions used in the evaluation will be included as well.

Possible impact indicators include:

- Exemplarity – Green buildings
 - Number of certified assets and the certification level
 - Number of energy efficient buildings and their size
 - Energy intensity in the portfolio of eligible assets (in kWh per m²)
 - Green house emission intensity for the eligible assets (in kg of CO₂ equivalent per m²)
- Use of resources - Energy efficiency & renewable energy
 - Number of assets equipped with energy efficiency tools
 - Number of Onsite renewable energy generation facilities installed by type of renewable energy technologies
 - Estimated Annual Energy Savings (in KWh per sqm/year)
 - Estimated Annual Avoided/Saved GHG emissions (in tCO₂ equivalent per sqm/year)

CONSULTANT REVIEW

Second party opinion

Befimmo has appointed Vigeo Eiris, a recognized independent second opinion provider to review this framework and the alignment with the Green Bond Principles set forth by ICMA. Befimmo will publish the consultant review / second opinion [on its website](#).

Impact reporting

The annual impact reporting will be independently verified by a reputable third party.