

GOVERNANCE¹

G4-DMA G4-35 G4-46 G4-57



DIALOGUE & COMMUNICATION



RESPONSIBLE VALUE CHAIN



ETHICS



COMPLIANCE

Befimmo abides by the applicable legal requirements on governance and has devised a Code of Ethics setting out the values that are to govern relations with its stakeholders.

In terms of governance, Befimmo applies the Belgian Corporate Governance Code, which is its reference code, and pays particular attention to developments in this area.

For the prevention of conflicts of interest and market abuse, Befimmo is governed by the legal provisions applicable as a listed company and a BE-REIT (SIR/GVV), and by the additional rules it has laid down in its corporate governance charter. Befimmo therefore imposes stricter requirements than the law where it deems appropriate.

The General Counsel & Secretary General (member of the Executive Officers Committee) is responsible for updating and compliance with the code of ethics and the corporate governance charter. She also holds the position

of Compliance Officer and, in that capacity, ensures compliance with internal rules and procedures to prevent the risk of market abuse.

► “Corporate governance statement, on page 122”

Befimmo also pays particular attention to the reliability of the reporting process, and rigorous, accurate and transparent financial and non-financial communication.

Befimmo is aware that a significant part of its environmental and also societal impact is upstream in its value chain, and it wants to go beyond responsibility for its own activities by educating its suppliers through responsible management of its value chain.

The main priorities related to this topic are **dialogue and communication with stakeholders, ethics, compliance and the value chain.**



CDP 96 C



83%



Responsive



EPRA Gold Award

DIALOGUE & COMMUNICATION

Maintain a dialogue with the individuals and entities affected by the Company's business, and communicate transparently on initiatives taken, and follow them up.

ISSUES

raised by stakeholders:

- programme of specific, realistic, simple, coherent and understandable measures devised in cooperation with all stakeholders;
- clear vision, long-term objectives, ambitious and bold, exemplary and pioneering;
- regular, targeted and relevant communication, under management leadership, using benchmarks;
- implementation of governance integrated into the overall strategy, transparency.

COMMITMENTS

Befimmo undertakes to:

- maintain an ongoing dialogue with stakeholders and intensify the dialogue with investors and shareholders;
- adopt best practice, analyse its relevance and take the necessary action;
- continually develop a realistic action plan of specific measures that are realistic, measurable and meet stakeholders' expectations;
- communicate transparently and adapt the communication to the various stakeholders (type, means, frequency, etc.).

1. The Action Plan for 2016, in particular the part related to Governance, is annexed to this Report on pages 234 to 236.

Main achievements and objectives

Dialogue G4-26

With the aim of continuously improving its position as a responsible business and landlord, Befimmo conducts a regular dialogue with all its internal and external stakeholders.

Objective

Befimmo's objective is to continually improve the regular dialogue with all its stakeholders, enhancing the communication tools, adapting them to each stakeholder (website for investors and tenants, intranet for the team, presentations, reports, Helpsite and extranet available to tenants, etc.) and also to continue responding to CDP, GRESB, Vigeo, etc. published by institutional investors.

? "CDP, GRESB, Vigeo"

Transparent communication G4-32 G4-PR7

Befimmo also pays particular attention to the reliability of the reporting process, and rigorous, accurate and transparent financial and non-financial communication.

For some years now, throughout its Report, Befimmo has been following the trend towards standardisation not only of financial reporting but also of reporting on Social Responsibility, by subscribing to the indicators published by EPRA, the GRI-G4 ("Compliance" - Essential criteria) guidelines and those for the real-estate sector, GRI-CRESS.

Awards G4-15

For reporting, Befimmo won the following prizes during fiscal year 2015:

- Befimmo was awarded the "EPRA Gold Award Financial Reporting" for its Annual Financial Report 2014 and for the first time the "EPRA Gold Award Sustainability Reporting" for its Social Responsibility Report;
- Befimmo achieved a score of 83%, equivalent to GRESB "Green Star" status;
- Befimmo further improved its score with CDP by obtaining 96 (Disclosure score) and C (Performance score) for the 2015 CDP questionnaire;
- Befimmo obtained "Responsive" level for its Vigeo reporting.

Objective

To pursue and continually improve communication in line with the current reference standards.

RESPONSIBLE VALUE CHAIN



G4-SO10 G4-LA14 G4-LA15 GA-EN32 G4-EN33 G4-HR10 G4-HR11

Responsible management of the value chain, sustainable procurement policy and dialogue with suppliers.

ISSUES

raised by stakeholders:

- go beyond its own activities;
- dialogue with stakeholders.

COMMITMENTS

Befimmo undertakes to:

- dialogue with its suppliers and subcontractors so that more account is taken of sustainable development in its "core" and "corporate" procurement;
- analyse the value chain to enhance its sustainable performance;
- improve its procurement terms by incorporating sustainable aspects.

Main achievements and objectives

Befimmo is aware that a significant part of its environmental and also societal impact lies upstream in its value chain, with its suppliers. Its responsibility therefore extends beyond its own business and it must educate and inspire all of its stakeholders to achieve its qualitative and quantitative objectives as far as possible.

Accordingly, in the second half of 2015 Befimmo embarked on a comprehensive analysis of its value chain in order to make its procurement system more structured and professional, to assess its suppliers and integrate environmental and social criteria into its "core" and "corporate" procurement.

This study, conducted in cooperation with management and the various departments concerned, is structured in several stages:

- Individual analysis of the various categories of products and services, divided into three segments: Management (operational portfolio), Sites (renovation projects) and Corporate (various purchases and services for routine operation).
- Preparation of a matrix, notably the Kraljic matrix, to position each procurement category on two axes: (i) **risk**, assessed according to the position of the buyer in relation to its suppliers (negotiation, availability, substitutes) and criticality of the product/service, and (ii) **spendlevel** of the product/service (proportion of the category in Befimmo's total spending).
- Analysis of the various components of the products/ services, and development of sustainable procurement criteria (for the relevant procurement categories).

The matrix highlights the procurement categories (products and services) that Befimmo has to prioritise in accordance with their potential for action. The categories in the bottom half of the matrix (Routine and Leverage), present a low risk for Befimmo in the case of a stricter requirement relating to the conditions and criteria for sustainable procurement. The Company may therefore act primarily on these categories in function of the level of spending.

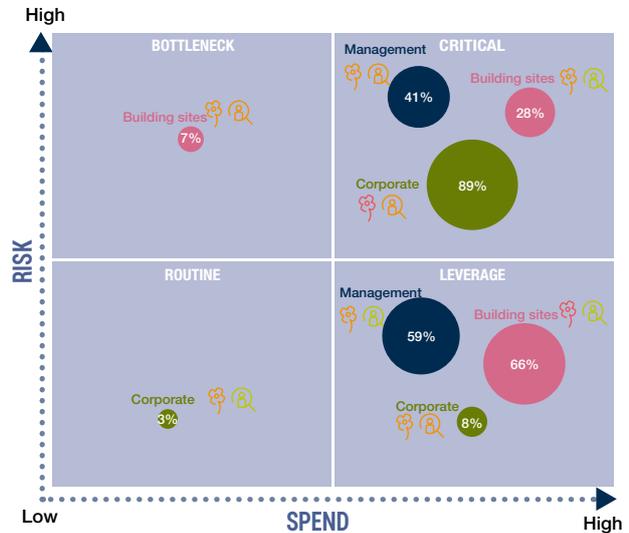
Conversely, the categories in the top half of the matrix (Bottleneck and Critical) present a higher risk in the case of a stricter requirement relating to the conditions and criteria for sustainable procurement. Befimmo will therefore have to act more cautiously on these categories.

Objective

Continue this analysis process begun in 2015 and complete it by the end of 2016.

The next major steps to be taken in cooperation with the teams involved in 2016 are: (i) to hold meetings with selected key suppliers; (ii) to devise a new sustainable procurement policy and charter; (iii) to devise, select and implement new sustainable purchasing criteria; and (iv) to communicate internally (with buyers) and externally (with suppliers) to ensure that the new policy is implemented properly.

Preliminary results of this initial analysis including all products and services (“core” and “corporate”) related to Befimmo’s business



	Environmental Impact	Social Impact	% of spending of the segment
High	🔴	🔴	
Medium	🟡	🟡	
Low	🟢	🟢	

ETHICS ⚖️

G4-56 G4-57

Prevention of the risks of corruption, anti-competitive behaviour, conflicts of interests, risk to reputation and raising awareness of ethics and compliance with the law.

ISSUES

- raised by stakeholders:
- corporate culture;
 - values;
 - code of ethics.

COMMITMENTS

- Befimmo undertakes to:
- establish procedures and take measures to guarantee ethical standards at all levels of Befimmo;
 - prevent the risks of corruption, anti-competitive behaviour, conflicts of interest, etc.

Main achievements and objectives

Code of ethics, dealing code and governance charter G4-SO4

An updated dealing code (which aims to prevent the risk of illegal insider trading and market abuse) for the whole team has been posted on the Company’s intranet. This update was followed by a briefing session organised by the General Counsel to inform the team about the content of this document and remember the contents of the code of ethics. The new version of the dealing code must then be approved and signed by each employee. Moreover, each new employee receives and signs the dealing code for acceptance when he begins his career at Befimmo, on the occasion of an individual training organized by the General Counsel.

Objective

The dealing code and the code of ethics, published on the Company’s website, are also being reviewed on an ongoing basis to determine whether it should be updated.

Raising awareness in maintenance companies G4-EN27

Befimmo is aware that improving the environmental and energy quality and performance of its buildings also calls for continuous dialogue with the maintenance teams working on the maintenance and operation of the technical installations of its buildings.

Objective

Train and educate all maintenance companies in CSR. Add a “Sustainable development and energy performance” addendum to existing contracts and devise new environmental performance terms for new contracts.

COMPLIANCE

Compliance with legislation in force and a proactive attitude towards the authorities.

ISSUES

raised by stakeholders:

- go further;
- anticipate;
- be proactive and engage in dialogue with the authorities.

COMMITMENTS

Befimmo undertakes to:

- ensure compliance with regulations in force;
- anticipate and be proactive in dialogue with the Belgian and European public authorities, and trade associations, notably regarding future regulations.

Main achievements and objectives

Energy Performance Certificates (EPB) and EPB certification for heating and air conditioning

G4-EN29

Befimmo has “Offices and services” energy performance certificates for all its buildings in Brussels. “Public building” certificates, which are mandatory for occupying some administrative buildings in Brussels, are applied for by the relevant administrations and displayed in most of the buildings concerned. In Flanders, “Public building” certificates are available and displayed in most of the buildings concerned, while in Wallonia the obligation to display is foreseen as of 2019. The Axento building in Luxembourg also has a certificate.

The buildings located in Brussels were also audited in 2014-2015 to check compliance with the EPB heating and air-conditioning regulations, notably by analysing compliance with the requirements of the environmental permits. Special measures were taken immediately to bring the installations into compliance, with the exception of a few buildings on leasehold, where the agreement makes the lessee responsible for compliance.

Objective for 2016

When major works are carried out, Befimmo ensures that the certificates are updated, as was previously the case following renovations in various buildings. In 2016, on the basis of all the measures for improving energy performance implemented since 2011 (when the certificates were issued) in the operational portfolio in Brussels, Befimmo will also consider whether to update the energy performance certificates of certain strategic buildings.

Although theoretical, the data on the certificates are also compared with the actual specific consumption figures.

Internal audits and analysis of compliance with the operating conditions of environmental permits

Since 2013, at its own initiative Befimmo has begun, for its operational buildings, to conduct audits of compliance with the requirements of the operational environmental permits it holds. The objective of this approach is to ensure proper compliance with its obligations and also to anticipate the action it needs to take in response to new requirements (applicable in the most recent permits) in the context of the renewal and/or extension of certain expiring permits.

At the end of 2015, the audits conducted covered 65% of the environmental permits for Befimmo’s portfolio (excluding Fedimmo).

Objectives for 2016-2017

Continue and finish bringing audited permits into compliance. Audit the remaining environmental permits held by Befimmo.