

SECOND PARTY OPINION

on the sustainability of Befimmo’s Green Finance Framework

V.E considers that Befimmo’s Green Finance Framework is aligned with the four core components of the ICMA’s Green Bond Principles 2021 (“GBP”) and the LMA’s Green Loan Principles 2021 (“GLP”).



Framework

Contribution to Sustainability:



- Advanced
- Limited
- Robust
- Weak

	Weak	Limited	Robust	Advanced
Expected impacts	Advanced			
ESG risks management	Robust			

SDG Mapping



Characteristics of the Framework

Green Project Categories	2 Eligible Categories
Project locations	Belgium and Luxembourg
Existence of framework	Yes
Share of refinancing	To be disclosed before each Green Instrument issuance
Look back period	24 months

Issuer

Controversial Activities

The Issuer appears to not be involved in any of the 17 controversial activities screened under our methodology:

- | | | | |
|---|--|---|--|
| <input type="checkbox"/> Alcohol | <input type="checkbox"/> Fossil fuels industry | <input type="checkbox"/> High interest rate lending | <input type="checkbox"/> Pornography |
| <input type="checkbox"/> Animal welfare | <input type="checkbox"/> Coal | <input type="checkbox"/> Human embryonic stem cells | <input type="checkbox"/> Reproductive medicine |
| <input type="checkbox"/> Cannabis | <input type="checkbox"/> Gambling | <input type="checkbox"/> Military | <input type="checkbox"/> Tar sands and oil shale |
| <input type="checkbox"/> Chemicals of concern | <input type="checkbox"/> Genetic engineering | <input type="checkbox"/> Nuclear power | <input type="checkbox"/> Tobacco |
| <input type="checkbox"/> Civilian firearms | | | |

ESG Controversies

Number of controversies	None
Frequency	NA
Severity	NA
Responsiveness	NA

Coherence

Coherent
Partially coherent
Not coherent

V.E considers that the contemplated Green Finance Framework is coherent with Befimmo’s strategic sustainability priorities and sector issues and that it contributes to achieving the Issuer’s sustainability commitments.



Key findings

V.E considers that Befimmo's Green Finance Framework is aligned with the four core components of the ICMA's Green Bond Principles 2021 ("GBP") and the LMA's Green Loan Principles 2021 ("GLP").

Use of Proceeds - aligned with GBP & GLP and best practices identified by VE

- Eligible Categories are clearly defined and detailed, the Issuer has communicated the nature of the expenditures, the eligibility criteria, and the location of all Eligible Projects.
- The Environmental Objectives are clearly defined, these are relevant for all the Eligible Categories and set in coherence with sustainability objectives defined in international standards.
- The Expected Environmental Benefits are clear, these are considered relevant, measurable for all the Eligible Categories and will be quantified for all the Eligible Categories in the reporting.
- The Issuer has committed to transparently communicate the estimated share of refinancing before each Green Instrument issuance. The look-back period for refinanced Eligible Projects will be equal or less than 24 months from the issuance date, in line with good market practices.

Evaluation and Selection –aligned with GBP & GLP

- The Process for Project Evaluation and Selection is reported as structured following the Company's usual procedure and has been clearly defined by the Issuer. It is considered structured. The roles and responsibilities are clear and include relevant internal and external expertise. The Process is publicly disclosed in the Framework and the SPO.
- Eligibility criteria (selection) for project selection have been defined and detailed by the Issuer for all the Eligible Categories.
- The process applied to identify and manage potentially material E&S risks associated with the projects is publicly disclosed (in the herewith SPO and in the Framework). The Process is considered robust: it combines identification and correctives measures.

Management of Proceeds –aligned with GBP & GLP

- The Process for the Management and Allocation of Proceeds is clearly defined and is publicly available in the Framework.
- The allocation period will be shorter or equal to 36 months. Net proceeds of the Green Instruments will be tracked by the Issuer in an appropriate manner and attested in a formal internal process. The intended types of temporary placement for the balance of the unallocated net proceeds is publicly disclosed.
- The Issuer has committed that as long as the Green Instruments are outstanding, the balance of the tracked net proceeds will be periodically adjusted to match allocations to eligible projects made during that period.
- The Issuer has provided information on the procedure that will be applied in case of project divestment or postponement and it has committed to reallocate divested proceeds to projects that are compliant with the framework within 24 months.



Reporting - aligned with GBP & GLP and best practices identified by VE

- The Issuer has committed to report on the Use of Proceeds annually, until Green Instruments maturity. The report will be publicly available until Green Instruments maturity.
- The reporting will cover relevant information related to the allocation of Green Instruments proceeds and to the expected environmental benefits of the projects. The Issuer has also committed to report on material developments and ESG controversies to the projects.
- The reporting methodology and assumptions used to report on environmental benefits of the Eligible Categories will be publicly disclosed.
- An external auditor will verify the tracking and allocation of funds to Eligible Categories until Green Instruments maturity.
- An external auditor will verify the Indicators used to report on environmental benefits of the Eligible Projects until Green Instruments maturity.

Contact

Sustainable Finance Team | VESustainablefinance@vigeo-eiris.com

SCOPE

V.E was commissioned to provide an independent opinion (thereafter “Second Party Opinion” or “SPO”) on the sustainability credentials and management of the Green Bonds, Green Private Placements or Green Bank Financing¹ (“Green Instruments”) to be issued by Befimmo (the “Issuer”) in compliance with the Green Finance Framework (the “Framework”) created to govern their issuance.

Our opinion is established according to V.E’s Environmental, Social and Governance (“ESG”) exclusive assessment methodology and to the latest version of the ICMA’s Green Bond Principles (“GBP”) - edited in June 2021 - and Green Loan Principles (“GLP”) - edited in February 2021 - voluntary guidelines (referred together as the “GBP & GLP”).

Our opinion is built on the review of the following components:

- Framework: we assessed the Framework, including the coherence between the Framework and the Issuer’s environmental commitments, the Green Instruments potential contribution to sustainability and its alignment with the four core components of the GBP & GLP.
- Issuer²: we assessed the Issuer’s ESG performance, its management of potential stakeholder-related ESG controversies and its involvement in controversial activities³.

Our sources of information are multichannel, combining data (i) gathered from public sources, press content providers and stakeholders, (ii) from V.E’s exclusive ESG rating database, and (iii) information provided from the Issuer, through documents and interviews conducted with the Issuer’s managers and stakeholders involved in the Green Instruments issuance, held via a telecommunications system.

We carried out our due diligence assessment from May 17th to July 28th, 2020. We consider that we were provided with access to all the appropriate documents we solicited. To this purpose we used our reasonable efforts to verify such data accuracy.

Scope of External Reviews

<input checked="" type="checkbox"/>	Pre-issuance Second Party Opinion	<input checked="" type="checkbox"/>	Independent verification of impact reporting
<input checked="" type="checkbox"/>	Independent verification of funds allocation	<input type="checkbox"/>	Climate Bond Initiative Certification

¹ The “Green Instrument” is to be considered as the Instrument to be potentially issued, subject to the discretion of the Issuer. The name “Green Instrument” has been decided by the Issuer: it does not imply any opinion from V.E.

² Befimmo is part of V.E rating universe - the last ESG rating was performed in June 2021. In agreement with the Issuer, this Second Party Opinion does not include the 2021 assessment of its ESG performance.

³ The 17 controversial activities screened by V.E are: Alcohol, Animal welfare, Cannabis, Chemicals of concern, Civilian firearms, Coal, Fossil Fuels industry, Unconventional oil and gas, Gambling, Genetic engineering, Human embryonic stem cells, High interest rate lending, Military, Nuclear Power, Pornography, Reproductive Medicine and Tobacco.

COHERENCE

Coherent
Partially coherent
Not coherent

V.E considers that the contemplated Framework is coherent with Befimmo's strategic sustainability priorities and sector issues and that it contributes to achieving the Issuer's sustainability commitments.

According to United Nations (2019 Global Status Report on buildings and construction), the Real Estate sector accounts for about 40 % of the world's energy consumption and 33% of all carbon emissions. As a result, construction and real estate companies must define an exhaustive environmental strategy that addresses both the environmental impacts of their activities and those of the buildings delivered. Companies should strive to include energy-saving features in their buildings. In addition, the complexity and specificities of impacts related to their activities call for specific measures to ensure the appropriate management of social and environmental related risks, including biodiversity protection, environmental management systems, health and safety and the promotion of responsible relations with the communities where they operate.

In 2017, Befimmo signed the UN Global Compact letter, committing itself to integrate and promote several of the principles related to human rights, decent work, the protection of the environment, and the battle against fraud.

The Issuer has also several certifications:

- ISO 14001 certification (since 2010, and currently valid until November 2022)
- The Global ESG Benchmark for Real Assets (GRESB): Green Star level since 2014
- Carbon Disclosure Project (CDP): since 2013 (A- Leadership)

Befimmo formalised its first environmental policy back in 2008, further developed into a CSR policy in 2013 around six strategic axes, in line with 15 over 17 UN Sustainable Development Goals. Its strategy is grouped into three commitment categories: (i) Provide and rethink workspaces, (ii) Transform cities and (iii) Be responsible.

The Issuer also set up a materiality matrix in order to prioritize its actions. This analysis was re-examined in 2020 with both internal and external stakeholders, taking into account the environmental, social and governance aspects.

To achieve its objectives, according to the commitments previously defined, the Issuer has set up an Action Plan 2030, which is supervised by the Environmental department and the Transformation & Impact team, and is reported every six months to the Befimmo's Social Responsibility Team.

In addition, 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.

By creating a Framework to issue Green Instruments to finance or refinance, in full or in part, Eligible Green Projects, V.E considers that the Issuer coherently aligns with its sustainability strategy and commitments and addresses the main issues of the sector in terms of environmental responsibility.

FRAMEWORK

The Issuer has described the main characteristics of the Green instruments within a formalised Green Finance Framework which covers the four core components of the GBP & GLP 2021 (the last updated version was provided to V.E on July 27, 2021). The Issuer has committed to make this document publicly accessible on Befimmo's website, in line with good market practices.

Alignment with the Green Bond and Loan Principles

Use of Proceeds



The net proceeds of the Green Instruments will exclusively finance or refinance, in part or in full, projects falling under two Green Project Categories ("Eligible Categories"), as indicated in Table 1.

- Eligible Categories are clearly defined and detailed, the Issuer has communicated the nature of the expenditures, the eligibility criteria, and the location of all Eligible Projects.
- The Environmental Objectives are clearly defined, these are relevant for all the Eligible Categories and set in coherence with sustainability objectives defined in international standards.
- The Expected Environmental Benefits are clear, these are considered relevant, measurable for all the Eligible Categories and will be quantified for all the Eligible Categories in the reporting.
- The Issuer has committed to transparently communicate the estimated share of refinancing before each Green Instrument issuance. The look-back period for refinanced Eligible Projects will be equal or less than 24 months from the issuance date, in line with good market practices.

BEST PRACTICES

- ⇒ The definition and eligibility criteria (selection) are clear and in line with international standards for all categories.
- ⇒ Relevant environmental benefits are identified and measurable for all project categories
- ⇒ The Issuer has committed to transparently communicate the estimated share of refinancing for each Green Instrument issuance.
- ⇒ The look-back period for refinanced assets is equal or less than 24 months, in line with good market practices.



Table 1. V.E' analysis of Eligible Categories, Sustainability Objectives and Expected Benefits as presented in the Issuer's Framework

- Nature of expenditures: CAPEX
- Location of Eligible Projects/Assets: Belgium and Luxembourg

ELIGIBLE CATEGORIES	DESCRIPTION	SUSTAINABILITY OBJECTIVES AND BENEFITS	V.E ANALYSIS
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 	<u>Climate change mitigation</u> GHG emissions avoidance Energy savings	<p>The definition of this category is clearly defined. The Issuer has communicated the nature of the expenditures, the eligibility criteria and location of Eligible Projects.</p> <p>The Environmental Objective is clearly defined, it is considered relevant and set in coherence with the sustainability objectives defined In International standards.</p> <p>The Expected Environmental Benefits are clear and precise, there are considered relevant, measurable and will be quantified in the reporting.</p>
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 100gCO_{2e}/kWh 	<u>Climate change mitigation</u> GHG emissions avoidance Energy savings	<p>The definition of this category is clearly defined. The Issuer has communicated the nature of the expenditures, the eligibility criteria and location of Eligible Expenditures.</p> <p>The Environmental Objective is clearly defined, it is considered relevant and set in coherence with the sustainability objectives defined in International standards.</p> <p>The Expected Environmental Benefits are clear and precise, there are considered relevant, measurable and will be quantified in the reporting.</p>

SDG Contribution

The Eligible Categories are likely to contribute to two of the United Nations' Sustainable Development Goals ("SDGs"), namely:

ELIGIBLE CATEGORY	SDG	SDG TARGETS
Green buildings		7.2 Increase substantially the share of renewable energy in the global energy mix and the promotion of investment in energy infrastructure and clean energy technology
Energy efficiency & renewable energy		7.3 By 2030, double the global rate of improvement in energy efficiency
Green buildings		The Projects are likely to contribute to SDG 13 which consists in adopting urgent measures to combat climate change and its effects.
Energy efficiency & renewable energy		

Evaluation and Selection of Eligible Projects



- The Process for Project Evaluation and Selection is reported as structured following the Company's usual procedure and has been clearly defined by the Issuer. It is considered structured. The roles and responsibilities are clear and include relevant internal and external expertise. The Process is publicly disclosed in the Framework and the SPO.
- Eligibility criteria (selection) for project selection have been defined and detailed by the Issuer for all the Eligible Categories.
- The process applied to identify and manage potentially material E&S risks associated with the projects is publicly disclosed (in the herewith SPO and in the Framework). The Process is considered robust: it combines identification and correctives measures.

Process for Project Evaluation and Selection

For the purpose of the Green Instruments issuances, the Social Responsibility Team (SRT) is in charge of the verifying the compliance of the Eligible Projects with the Eligibility Criteria and internal policies. This Team is composed of:

- the Chief Executive Officer (CEO);
- the Chief Financial Officer (CFO);
- the Chief Operating Officer (COO);
- the Head of Environmental Management (HEM);
- the Head of Transformation & Impact (HT&I).

The selection and evaluation process for green projects follows the usual company procedure. The roles and responsibilities of the different entities are presented in the Framework and described below:

- 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 Selected projects are presented to the Company board for final approval.
- The traceability and verification of the selection and evaluation of the projects is ensured throughout the process:
 - The SRT will be responsible for coordinating the monitoring of the continued eligibility of selected projects throughout the entire lifecycle of the financing under this framework on an ongoing basis and at least annually during an Executive Review or Social Responsibility Team meeting. The eligibility of projects is checked through a quality matrix, which is the result of a collaboration between Befimmo's real-estate departments (Commercial, Environment, Property Management, Services & Facilities, and Project Development).



- The Social Responsibility Team is in charge of the monitoring of ESG controversies throughout the entire lifecycle of the financing under this framework.
- The process for evaluation and selection and monitoring will be documented in the meeting minutes from the SRT meetings.

Eligibility Criteria

The process relies on explicit eligibility criteria (selection), relevant to the environmental objectives defined for the Eligible Categories.

- The selection criteria are based on definitions in Eligible Categories defined Table 1 in the Use of Proceeds section.

BEST PRACTICES

⇒ Eligibility criteria for project selection are clearly defined and detailed for all of the Eligible Categories

Management of Proceeds



- The Process for the Management and Allocation of Proceeds is clearly defined and is publicly available in the Framework.
- The allocation period will be shorter or equal to 36 months. Net proceeds of the Green Instrument will be tracked by the Issuer in an appropriate manner and attested in a formal internal process. The intended types of temporary placement for the balance of the unallocated net proceeds is publicly disclosed.
- The Issuer has committed that as long as the Green Instruments are outstanding, the balance of the tracked net proceeds will be periodically adjusted to match allocations to eligible projects made during that period.
- The Issuer has provided information on the procedure that will be applied in case of project divestment or postponement and it has committed to reallocate divested proceeds to projects that are compliant with the framework within 24 months.

Management Process

- The proceeds will be placed to general treasury and appropriately tracked by the Issuer through an internal process.
- Any temporary unallocated proceeds will be used to manage daily liquidity and working capital needs. The Issuer reports that the company is structurally indebted and holds only minimal amounts of cash or cash equivalents, and therefore unallocated funds will be used for the repayment of outstanding short-term debt.
- 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.
- In case of projects postponement, cancellation, divestment or ineligibility, or in case an Eligible Project has matured, the Issuer has committed to replace the no longer Eligible Project by a new Eligible Project within 24 months, on a best-efforts basis.

BEST PRACTICES

- ⇒ The Issuer has provided information on the procedure that will be applied in case of project/asset divestment or postponement and it has committed to reallocate divested proceeds to projects that are compliant with the framework within 24 months



Monitoring & Reporting



- The Issuer has committed to report on the Use of Proceeds annually, until Green Instruments maturity. The report will be publicly available until Green Instruments maturity.
- The reporting will cover relevant information related to the allocation of Green Instruments proceeds and to the expected environmental benefits of the projects. The Issuer has also committed to report on material developments and ESG controversies to the projects.
- An external auditor will verify the tracking and allocation of funds to Eligible Categories until Green Instrument maturity.
- An external auditor will verify the indicators used to report on environmental benefits of the Eligible Projects until Green Instrument maturity.

Indicators

The Issuer has committed to transparently communicate at Eligible Category level, on:

- Allocation of proceeds: The indicators selected by the Issuer to report on the allocation of proceeds are relevant and exhaustive

REPORTING INDICATORS
<ul style="list-style-type: none"> ⇒ 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). ⇒ The percentage of financing vs. refinancing. ⇒ The percentage of co-financing (if any). ⇒ The types of temporary unallocated funds placements and uses.

- Environmental benefits: The indicators selected by the Issuer to report on the environmental benefits are clear and relevant to assess the achieved environmental performance of the projects.

ELIGIBLE CATEGORIES	ENVIRONMENTAL BENEFITS INDICATORS	
	OUTPUTS AND OUTCOMES	IMPACT INDICATORS
Green buildings	<ul style="list-style-type: none"> - 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). 	<ul style="list-style-type: none"> - Green house emission intensity for the eligible assets (in kg of CO₂ equivalent per m²).

ELIGIBLE CATEGORIES	ENVIRONMENTAL BENEFITS INDICATORS	
	OUTPUTS AND OUTCOMES	IMPACT INDICATORS
Energy Efficiency & Renewable Energy	<ul style="list-style-type: none"> - Number of assets equipped with energy efficiency tools. - Number of Onsite renewable energy generation facilities installed by type of renewable energy technologies. 	<ul style="list-style-type: none"> - Estimated Annual Energy Savings (in KWh per sqm/year) - Estimated Annual Avoided/Saved GHG emissions (in tCO₂ equivalent per sqm/year)

BEST PRACTICES

- ⇒ The Issuer will report on the Use of Proceeds until Green Instrument maturity
- ⇒ The issuer report will be publicly available
- ⇒ The indicators selected by the Issuer are exhaustive with regards to allocation reporting
- ⇒ The reporting methodology and assumptions used to report on environmental benefits of the Eligible Categories will be disclosed publicly
- ⇒ Environmental benefits and impacts will be externally verified, until maturity of the Green Instrument

Contribution to sustainability

Expected Impacts

The potential positive Impact of the eligible projects on environmental and social objectives is considered to be advanced.

ELIGIBLE CATEGORY	EXPECTED IMPACT	ANALYSIS
Green buildings	ADVANCED	<p>The building and construction industry accounts for 36% of final energy use and 39% of energy and process-related CO₂ emissions in 2018⁴. Reduction of the energy footprint of buildings is therefore a key environmental issue for real estate companies.</p> <p>In 2019, Belgium was ranked 17th in the list of the EU28 with a score of 85 in the EU Eco-innovation Index rating. In addition, Belgium has its National Plan Nearly Zero Energy Buildings. The country has also implemented the European Energy Performance of Building Directive Brussels, in September 2012. Although acquisition, construction and renovation of green buildings are all three relevant when tackling climate change and have a positive environmental impact, there are still negative impacts due to construction. Eligible projects are based on internationally recognised certifications.</p>
Energy Efficiency & Renewable Energy	ADVANCED	<p>Energy consumption related to a building's life cycle is a very significant share of the environmental impact linked to the property business, such as the acquisition or sale of assets, the renovation or construction of buildings and their use. Befimmo aims to reduce by 50% its direct CO₂e emissions related to the heating of buildings by 2030. Apart from structural investments, this implies a transition from the use of equipment burning fossil fuels to alternatives such as geothermal energy and/or heat pumps. Eligible projects reduce the negative impact and does not have locked in impact and compensates the residual negative impact (medium-long term impact). Thresholds for the Investments focusing on Energy Efficiency measures in existing work environments. Additionally, The Issuer has set a CO₂ emissions threshold for Geothermal energy projects in line with the most stringent market standards</p>
OVERALL ASSESSMENT		ADVANCED

⁴ https://iea.blob.core.windows.net/assets/3da9daf9-ef75-4a37-b3da-a09224e299dc/2019_Global_Status_Report_for_Buildings_and_Construction.pdf



ESG Risks Identification and Management systems in place at project level

The identification and management of the environmental and social risks associated with the Eligible Projects are considered Robust.

The Issuer has formalised a relevant list of ESG selection criteria covering most environmental risks associated with the acquisition, construction or renovation of Eligible Projects in the Framework as well as in internal documentation disclosed to V.E. Since all projects will be located in Designated Countries of the Equator Principles, deemed to have robust environmental and social governance, as well as legislation systems and institutional capacity designed to protect their people and the natural environment, the Issuer relies on national legislation for specific risks and on relevant documentation (e.g. construction and exploitation permits, technical and legal reviews) to demonstrate the respect of this legislation.

As regards environmental and social risks associated to the construction and or the renovation of the Eligible Projects, we consider that all relevant ESG risks, including biodiversity protection, GHG and other atmospheric emissions, reduction of energy consumption, water consumption and waste and wastewater management on site, are covered through the green building “construction” certification processes and/or through the European legislation in force on these issues.

Concerning the risks related to the operation of the Eligible Projects, V.E consider that all relevant ESG risks, including environmental management and eco-design, GHG emissions, reduction of energy consumption, water consumption and aesthetic landscape, are covered through the green building “in-use” certification processes and/or through the European legislation in force on these issues.

Additionally, the Issuer reports to pay particular attention to the choice of materials and optimisation of techniques to minimize energy consumption during the operational phase of the buildings



ISSUER

Befimmo is a real-estate operator specialising in office buildings, meeting centres and coworking spaces. Its property portfolio focuses on investments in office buildings located in Belgium and Luxembourg. Befimmo was founded in 1995 and is based in Brussels, Belgium.

Management of ESG Controversies

As of today, the review conducted by V.E did not reveal any ESG controversy against Befimmo over the last four years.

Involvement in Controversial Activities

The Issuer appears to be not involved in any of the 17 controversial activities screened under our methodology, namely: Alcohol, Animal welfare, Cannabis, Chemicals of concern, Civilian firearms, Coal, Fossil Fuels industry, Unconventional oil and gas, Gambling, Genetic engineering, Human embryonic stem cells, High interest rate lending, Military, Nuclear Power, Pornography, Reproductive Medicine and Tobacco.

The controversial activities research provides screening of companies to identify involvement in business activities that are subject to philosophical or moral beliefs. The information does not suggest any approval or disapproval on their content from V.E.

METHODOLOGY

In V.E's view, Environmental, Social and Governance (ESG) factors are intertwined and complementary. As such they cannot be separated in the assessment of ESG management in any organisation, activity or transaction. In this sense, V.E provides an opinion on the Issuer's ESG performance as an organisation, and on the processes and commitments applicable to the intended issuance.

Our Second Party Opinions (SPOs) are subject to internal quality control at three levels (Analyst, Project Manager and Quality Reviewer). If necessary, this process is complemented by a final review and validation by the Expertise Committee and Supervisor. A right of complaint and recourse is guaranteed to all companies under our review, following three levels: first, the team in contact with the company; then the Executive Director in charge of Methods, Innovation & Quality; and finally, V.E's Scientific Council.

COHERENCE

Scale of assessment: not coherent, partially coherent, coherent

This section analyses whether the activity to be financed through the selected instrument is coherent with the Issuer's sustainability priorities and strategy, and whether it responds to the main sustainability issues of the sector where the Issuer operates.

ISSUANCE

Alignment with the Green and/or Social Bond Principles

Scale of assessment: Not aligned, Partially aligned, Aligned, Best Practices

The Framework has been evaluated by V.E according to the ICMA's Green Bond Principles - June 2021 ("GBP"), and the Loan Market Association's Green Loan Principles – February 2021 ("GLP"), the TEG proposal for a Green Bond Standard, and on our methodology based on international standards and sector guidelines applicable in terms of ESG management and assessment.

Use of proceeds

The definition of the Eligible Projects and their sustainable objectives and benefits are a core element of Green/Social/Sustainable Bonds and Loans standards. V.E evaluates the clarity of the definition of the Eligible Categories, as well as the definition and the relevance of the primary sustainability objectives. We evaluate the descriptions of the expected benefits in terms of relevance, measurability and quantification. In addition, we map the potential contribution of Eligible Projects to the United Nations Sustainable Development Goals' targets.

Process for evaluation and selection

The evaluation and selection process is assessed by V.E on its transparency, governance and relevance. The eligibility criteria are assessed on their clarity, relevance and coverage vs. the intended objectives of the Eligible Projects.

Management of proceeds

The process and rules for the management and the allocation of proceeds are assessed by V.E on their transparency, traceability and verification.

Reporting

The monitoring and reporting process and commitments defined by the Issuer are assessed by V.E on their transparency, exhaustiveness and relevance, covering the reporting of both proceeds' allocation and sustainable benefits (output, impact indicators).

Contribution to sustainability

Scale of assessment: Weak, Limited, Robust, Advanced

V.E's assessment of activities' contribution to sustainability encompasses both the evaluation of their expected positive impacts on environmental and/or social objectives, as well the management of the associated potential negative impacts and externalities.

Expected positive impact of the activities on environmental and/or social objectives

The expected positive impact of activities on environmental and/or social objectives to be financed by the Issuer or Borrower is assessed on the basis of:

- i) the relevance of the activity to respond to an important environmental objective for the sector of the activity; or to respond to an important social need at country level;⁵
- ii) the scope of the impact: the extent to which the expected impacts are reaching relevant stakeholders (i.e. the issuer, its value chain, local and global stakeholders); or targeting those populations most in need;
- iii) the magnitude and durability of the potential impact of the proposed activity on the environmental and/or social objectives (capacity to not just reduce, but to prevent/avoid negative impact; or to provide a structural/long-term improvement);
- iv) only for environmental objectives, the extent to which the activity is adopting the best available option.

ESG risk management for eligible activities

The identification and management of the potential ESG risks associated with the eligible projects/activities are analysed on the basis of V.E's ESG assessment methodology, international standards and sector guidelines applicable in terms of ESG management and assessment.

ISSUER

Management of stakeholder-related ESG controversies

V.E defines a controversy as public information or contradictory opinions from reliable⁶ sources that incriminate or make allegations against an issuer regarding how it handles ESG issues as defined in V.E ESG framework. Each controversy may relate to several facts or events, to their conflicting interpretations, legal procedures or non-proven claims.

V.E reviewed information provided by the Issuer, press content providers and stakeholders (partnership with Factiva Dow Jones: access to the content of 28,500 publications worldwide from reference financial newspapers to sector-focused magazines, local publications or Non-Government Organizations). Information gathered from these sources is considered as long as it is public, documented and traceable.

V.E provides an opinion on companies' controversies risks mitigation based on the analysis of 3 factors:

- **Frequency:** reflects for each ESG challenge the number of controversies that the Issuer has faced. At corporate level, this factor reflects on the overall number of controversies that the Issuer has faced and the scope of ESG issues impacted (scale: Isolated, Occasional, Frequent, Persistent).
- **Severity:** the more a controversy is related to stakeholders' fundamental interests, proves actual corporate responsibility in its occurrence, and have caused adverse impacts for stakeholders and the company, the higher its severity is. Severity assigned at the corporate level will reflect the highest severity of all cases faced by the company (scale: Minor, Significant, High, Critical).

⁵ The importance of a specific social need at country level is assessed on the basis of the country performance on the priority SDG that the project is targeting using data from Sachs, J., Schmidt-Traub, G., Kroll, C., Lafortune, G., Fuller, G., Woelm, F. 2020. The Sustainable Development Goals and COVID-19. Sustainable Development Report 2020. Cambridge: Cambridge University Press.

⁶ 'Reliable' means that there are sufficient details to substantiate claims made, with due attention paid to the political dimension of news and the danger of misinformation. V.E draws on investigative journalism, the business press, NGO and trade union reports which focus on corporate behavior relating to ESG issues. It is neither possible nor advisable to create a prescriptive fixed list of sources as new, valid sources arise all the time and it is necessary to investigate these as and when they are retrieved in order to comprehensively cover evolving issues and media.



- **Responsiveness:** ability demonstrated by an Issuer to dialogue with its stakeholders in a risk management perspective and based on explanatory, preventative, remediating or corrective measures. At corporate level, this factor will reflect the overall responsiveness of the company for all cases faced (scale: Proactive, Remediate, Reactive, Non- Communicative).

The impact of a controversy on a company's reputation reduces with time, depending on the severity of the event and the company's responsiveness to this event. Conventionally, V.E's controversy database covers any controversy with Minor or Significant severity during 24 months after the last event registered and during 48 months for High and Critical controversies.

Involvement in controversial activities

17 controversial activities have been analysed following 30 parameters to screen the company's involvement in any of them. The company's level of involvement (Major, Minor, No) in a controversial activity is based on:

- An estimation of the revenues derived from controversial products or services.
- The specific nature of the controversial products or services provided by the company.

V.E'S ASSESSMENT SCALES

Scale of assessment of Issuer's ESG performance or strategy and financial instrument's Contribution to sustainability		Scale of assessment of financial instrument's alignment with Green and/or Social Bond and Loan Principles	
Advanced	Advanced commitment; strong evidence of command over the issues dedicated to achieving the sustainability objective. An advanced expected impact combined with an advanced to robust level of E&S risk management & using innovative methods to anticipate new risks.	Best Practices	The Instrument's practices go beyond the core practices of the ICMA's Green and/or Social Bond Principles and/or of the Loan Market Association's Green Loan Principles by adopting recommended and best practices.
Robust	Convincing commitment; significant and consistent evidence of command over the issues. A robust expected impact combined with an advance to robust level of assurance of E&S risk management or an advanced expected impact combined with a limited level of assurance of E&S risk management.	Aligned	The Instrument has adopted all the core practices of the ICMA's Green and/or Social Bond Principles and/or of the Loan Market Association's Green Loan Principles.
Limited	Commitment to the objective of sustainability has been initiated or partially achieved; fragmentary evidence of command over the issues. A limited expected impact combined with an advanced to limited level of assurance of E&S risk management; or a robust expected impact combined with a limited to weak level of assurance of E&S risk management; or an advance expected impact combined with a weak level of assurance of E&S risk management.	Partially Aligned	The Instrument has adopted a majority of the core practices of the ICMA's Green and/or Social Bond Principles and/or of the Loan Market Association's Green Loan Principles, but not all of them.
Weak	Commitment to social/environmental responsibility is non-tangible; no evidence of command over the issues. A weak expected impact combined with an advanced to weak level of assurance of E&S risk management or a limited expected impact with a weak level of assurance of E&S risk management.	Not Aligned	The Instrument has adopted only a minority of the core practices of the ICMA's Green and/or Social Bond Principles and/or of the Loan Market Association's Green Loan Principles.

Statement on V.E' s independence and conflict-of-interest policy

Transparency on the relation between V.E and the Issuer/Borrower: V.E has not carried out any audit mission or consultancy activity for Befimmo. No established relation (financial or commercial) exists between V.E and the Befimmo. V.E's conflict of interest policy is covered by its Code of Conduct, which can be found at <http://vigeo-eiris.com/wp-content/uploads/2018/07/Code-of-Conduct-Vigeo-Eiris-EN.pdf>

This opinion aims at providing an independent opinion on the sustainability credentials and management of the Bond/Loan, based on the information which has been made available to V.E. V.E has neither interviewed stakeholders out of the Issuer/Borrower's employees, nor performed an on-site audit nor other test to check the accuracy of the information provided by the Issuer/Borrower. The accuracy, comprehensiveness and trustworthiness of the information collected are a responsibility of the Issuer/Borrower. The Issuer/Borrower is fully responsible for attesting the compliance with its commitments defined in its policies, for their implementation and their monitoring. The opinion delivered by V.E neither focuses on the financial performance of the Bond/Loan, nor on the effective allocation of its proceeds. V.E is not liable for the induced consequences when third parties use this opinion either to make investments decisions or to make any kind of business transaction. Restriction on distribution and use of this opinion: The deliverables remain the property of V.E. The draft version of the Second Party Opinion by V.E is for information purpose only and shall not be disclosed by the client. V.E grants the Issuer/Borrower all rights to use the final version of the Second Party Opinion delivered for external use via any media that the Issuer/Borrower shall determine in a worldwide perimeter. The Issuer/Borrower has the right to communicate to the outside only the Second Party Opinion complete and without any modification, that is to say without making selection, withdrawal or addition, without altering it in any way, either in substance or in the form and shall only be used in the frame of the contemplated concerned bond/loan(s) issuance. The Issuer acknowledges and agrees that V.E reserves the right to publish the final version of the Second Party Opinion on V.E' website and on V.E' internal and external communication supporting documents.

DISCLAIMER

© 2021 Vigeo SAS and/or its licensors and subsidiaries (collectively, "V.E"). All rights reserved.

V.E provides its customers with data, information, research, analyses, reports, quantitative model-based scores, assessments and/or other opinions (collectively, "Research") with respect to the environmental, social and/or governance ("ESG") attributes and/or performance of individual issuers or with respect to sectors, activities, regions, stakeholders, states or specific themes.

V.E'S RESEARCH DOES NOT ADDRESS NON-ESG FACTORS AND/OR RISKS, INCLUDING BUT NOT LIMITED TO: CREDIT RISK, LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. V.E'S ASSESSMENTS AND OTHER OPINIONS INCLUDED IN V.E'S RESEARCH ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. V.E'S RESEARCH: (i) DOES NOT CONSTITUTE OR PROVIDE CREDIT RATINGS OR INVESTMENT OR FINANCIAL ADVICE; (ii) IS NOT AND DOES NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES; AND (iii) DOES NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. V.E ISSUES ITS RESEARCH WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

V.E'S RESEARCH IS NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS AND INAPPROPRIATE FOR RETAIL INVESTORS TO USE V.E'S RESEARCH WHEN MAKING AN INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER. V.E'S RESEARCH IS NOT INTENDED FOR USE BY ANY PERSON AS A BENCHMARK AS THAT TERM IS DEFINED FOR REGULATORY PURPOSES AND MUST NOT BE USED IN ANY WAY THAT COULD RESULT IN THEM BEING CONSIDERED A BENCHMARK.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT V.E'S PRIOR WRITTEN CONSENT.

ALL INFORMATION CONTAINED HEREIN IS OBTAINED BY V.E FROM SOURCES BELIEVED BY IT TO BE ACCURATE AND RELIABLE. BECAUSE OF THE POSSIBILITY OF HUMAN OR MECHANICAL ERROR AS WELL AS OTHER FACTORS, HOWEVER, ALL INFORMATION CONTAINED HEREIN IS PROVIDED "AS IS" WITHOUT WARRANTY, EXPRESS OR IMPLIED, OF ANY KIND, INCLUDING AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE. V.E IS NOT AN AUDITOR AND CANNOT IN EVERY INSTANCE INDEPENDENTLY VERIFY OR VALIDATE INFORMATION IT RECEIVES.

To the extent permitted by law, V.E and its directors, officers, employees, agents, representatives, licensors and suppliers (together, "V.E Parties") disclaim liability to any person or entity for any (a) indirect, special, consequential, or incidental losses or damages, and (b) direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded); on the part of, or any contingency within or beyond the control of any V.E Party, arising from or in connection with the information contained herein or the use of or inability to use any such information.