



Extract of the Annual
Financial Report
2009-2010

Corporate Social Responsibility

Corporate Social Responsibility

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To help you read this chapter, we have included a short glossary at the end, giving you more information on some of the terms. A more detailed glossary can be found on Befimmo's website www.befimmo.be, in the chapter Corporate Social Responsibility under the heading Glossary.



Context, vision & specific measures

Context

Corporate Social Responsibility is a concept that is increasingly gaining ground as a fundamental value.

Property owners, occupiers, promoters and investors the world over are facing tougher requirements in terms of sustainability in real estate.

Recent international studies show that buildings with a good environmental performance will eventually enjoy a higher market value.

Mindsets are also changing as can be seen from the study⁽¹⁾ conducted on students on a Master of Business Administration (MBA) programme, which shows that in comparison with the previous generation, the future generation of leaders considers that Sustainable Development will be an integral part of future business strategy.

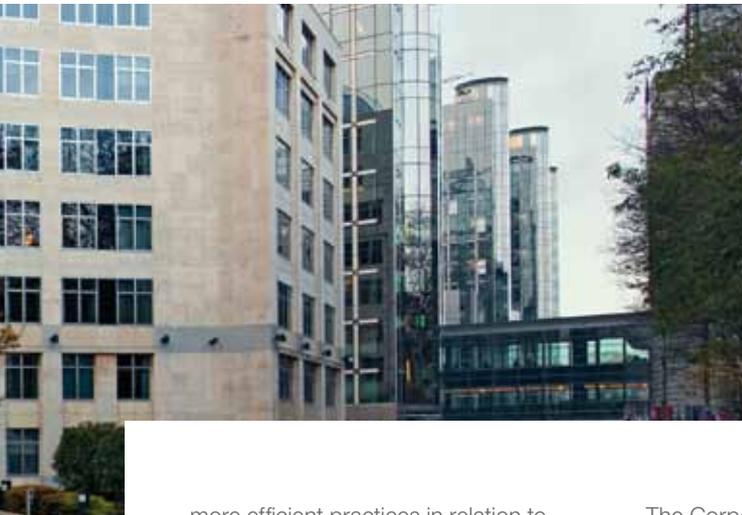
It is generally considered that the industrial sector is mainly responsible for impacting the environment. Yet the real-estate sector also has to face up to its responsibilities in this field and has to take account of this.

Indeed, worldwide, real estate in the broad sense is regarded as responsible for 40% of energy consumption and 36% of CO₂ emissions.⁽²⁾

Worldwide, however, only 1 to 2% of buildings are renewed each year, which is low in relation to the major challenge of cutting carbon emissions.

The real-estate sector is complex, mainly because there are many players who can have an impact on a building's environmental performance. The management and refurbishment of existing buildings are both a challenge and a significant opportunity.

The concept of the "circle of blame" was introduced in the year 2000 by David Cadman. He suggests that investors, tenants, subcontractors and promoters can tend to blame one another for a lack of commitment to adopting sound and



Befimmo incorporated Sustainable Development fully into its activities, as you can see in this Report.

► **Wiertz**
Brussels Leopold district

more efficient practices in relation to resources (natural and energy). It is clear that each of these stakeholders plays an important part and Befimmo strives to foster communication between them. This is a first step in breaking this circle.

Befimmo incorporated Sustainable Development fully into its activities, as you can see in this Report.⁽³⁾

Management vision

Befimmo's Management is convinced that a responsible approach to its business is crucial for the Company's sustainability. Its activities do indeed have an impact on the environment in several ways: jobs, working conditions, use of natural resources, energy consumption, waste production, etc. Befimmo's activities are themselves influenced by their own environment: geographical situation, legislation, local economy, global economy, risks of poor weather conditions, etc. A good understanding of the possible interactions between each of these elements is essential for managing the risks and opportunities in an informed way.

The Corporate Social Responsibility Policy is based on common sense and is a response to a general trend in society that we find in both private and institutional shareholders, the legislature, customers-tenants and public opinion. This Policy aims to frame the Company's present and future activities in a reasonable and responsible management, while optimising use of resources (natural, human, financial). The main environmental risks identified at strategic level, besides pollution of the environment, are those of non-compliance with legislation and a risk of depreciation of the value of the portfolio when low-consumption buildings will become commonplace on the market.

Befimmo's main strategic objectives focus on:

- its customers and developing a relationship of trust;
- the quality of new investments that will guarantee long-term income;
- the sustainability of long-term cash flows;
- high occupancy rate;
- cost control.

(1) "Inheriting a complex world", IBM Institute for Business Value, June 2010.

(2) "Real Estate & Sustainability, Sector Update", ING, 23 June 2010.

(3) Befimmo's Corporate Social Responsibility and vision feature in various sections of the Report, notably the Lettre to the shareholders, Portfolio, Befimmo's identity and strategy, etc.

In the past, the commercial life of a building was between 20 and 25 years. This lifetime is shortening as European legislation is increasingly restrictive. Take for instance the new EU Directive 2010/31/EU on the energy performance of buildings (EPB)⁽¹⁾. This Directive recasts the previous Directive on the same subject and effectively renders the current legislation obsolete, requiring real-estate companies to become more proactive. True to one of the main principles of Sustainable Development, "reduction at source", Befimmo is closely monitoring the development of existing legislation, anticipating forthcoming legislation and analysing sector studies in order to incorporate new management technologies and tools as quickly as possible, and hence often at lower cost (i.e. it costs less to plan a solution from the design phase of a major renovation, rather than implementing it retroactively).

Befimmo has prepared a multiannual investment plan covering the major events to be taken into consideration up to 2020.

Befimmo enjoys the support and commitment of its Management and staff to that end and has set up a training programme for the purpose.

The Code of Conduct, designed for tenants and also as a user manual for the building, will make tenants aware of the environmental impact of their consumption and thereby help to improve the energy performance of the building they are occupying.

Stakeholders' expectations are also taken into account when important decisions are made.

One of Befimmo's goals is to be included in a stock market index that takes account of performance in terms of Corporate Social Responsibility.

Specific measures

Befimmo implements measures that it considers necessary to reduce the environmental impact of the activities its controls and influences directly.

The main guidelines of Befimmo's approach are:

1. abiding by the applicable environmental regulations;
2. developing an approach that is sensitive to environmental impact;
3. ongoing assessment and improvement of its overall environmental performance;
4. promoting respect for the environment among its tenants, within the limits of its competence;
5. setting up effective communication systems in order to ensure optimum coordination of its subcontracted activities.

In practice, this is implemented at several levels (see [Table 1](#)):

• Corporate level

Befimmo has adopted an Environmental Management System (EMS)⁽¹⁾ to manage its processes with the aim of continuous improvement. The EMS complies with the ISO 14001 standard ISO⁽¹⁾.

TABLE 1 : GUIDELINES FOLLOWED BY BEFIMMO AT VARIOUS LEVELS

Level	Approach followed/tool used
Corporate	Implementation of an ISO 14001-certified Environmental Management System (EMS)
Operational	BREEAM building and BREEAM In-Use certification, EPB certificate (Energy Performance in Buildings)
Communication	Gradual application of GRI standard
Monitoring	Installation of digital meters throughout the Befimmo portfolio (excluding Fedimmo), ISA tools

The impact of the Company's activities is assessed at strategic level (acquisition, major renovation, etc.) and operational level (building maintenance, use of building, etc.). The implementation of the ISO 14001 Environmental Management System at strategic level is designed to adjust priorities in line with the development of the Company's business.

This is an ambitious exercise requiring cooperation at both Management and operational levels, across all departments, in order to define the procedures to be introduced. Implementation requires a sustained effort by all staff members. But staff participation alone is not enough to ensure optimum environmental performance of a building. To that end, wherever necessary Befimmo includes, informs and coordinates external companies working for it (property manager, general contractors, suppliers, etc.).

• Operational level

Befimmo opts to abide as far as possible by the BREEAM⁽¹⁾ guidelines (Building Research Establishment Environmental Assessment Method) specifically developed for the real-estate sector. They are incorporated and explicitly referred to in the operating procedures of the EMS.

• Communication level

The guidelines of the Global Reporting Initiative standard (GRI)⁽¹⁾, are being implemented gradually. For the 2009/2010 Annual Financial Report, Befimmo complies with reporting at quality level C (self-declared) (see [Table 1Z](#), page 185).

Regarding communication with tenants, Befimmo offers them access, via the extranet, to the relevant data so that they can assess their own energy consumption.

• Monitoring level

The 2008/2009 Annual Financial Report mentioned a major task yet to be undertaken regarding monitoring. Good progress was made on this over the fiscal year with the installation of digital meters in the portfolio (excluding Fedimmo). The 2009/2010 Annual Financial Report goes into more detail about the environmental Key Performance Indicators (KPIs)⁽¹⁾.

The monitoring tools developed by the International Sustainability Alliance (ISA)⁽¹⁾ or the sector supplement of the GRI will be applied gradually.

The priority environmental impacts linked to Befimmo's activities are :

- energy management;
- management of natural resources;
- waste management;

(1) See glossary at the end of the chapter.

- water management.

These are included in the operational procedures of the EMS to ensure that related risks are managed.

As a business, Befimmo itself has foremost an environmental impact. Most of the management activities focus on this aspect today. For the social and economic aspects, a number of KPIs are monitored and reported.

• Internal organisation

At strategic level, the Sustainable Development team consists of four management staff: Chief Financial Officer, Chief Operational Officer, Chief Technical Officer, Investor Relations & External Communication Manager. This team, after consulting the Chief Executive Officer, is responsible for monitoring and implementing strategic measures and making sufficient human resources available.

At operational level, the Technical Sustainable Development team consists of three people from the technical team, who regularly assess the implementation of the Environmental Management System. Other staff members also have responsibilities specifically defined in the EMS:

- Legal Officer;
- Investment Officer;
- Controller;
- Internal Auditor;
- the Project and Property Managers.

The responsibilities for Sustainable Development of Befimmo's activities are clearly integrated in all the internal departments.

Stakeholders

Any business needs to communicate about its activities, commitments and performance and, in an increasingly interactive world, nothing can be built in isolation. Befimmo undertakes to take account of the reasonable expectations of its stakeholders and partners in devising its strategy and establishing a fair dialogue and constructive consultation with them.

Befimmo's efforts have not gone unnoticed: Citibank Realty Services nominated the Company for the "Global Environmental Vendor of the Year Award".

External

The following table (Table 2) lists the main external stakeholders identified by Befimmo, and describes the activities carried out with them.

(1) <http://www.ibgebim.be/>

(2) <http://www.lne.be/>

(3) <http://environnement.wallonie.be/administration/orgdgarne.htm>

(4) EIRIS is among the world leaders in environmental, social and governance (ESG) analysis for businesses.

The EIRIS analysis is used as a basis for determining whether to include companies in the FTSE4Good stock-market index.

(5) <http://www.rics.org>

(6) <http://www.upsi-bvs.be>

(7) <http://www.epra.com>

TABLE 2: INTERACTION BETWEEN BEFIMMO AND ITS MAIN EXTERNAL STAKEHOLDERS

Level	Stakeholder	Activities
Public authorities	European Union	<ul style="list-style-type: none"> • Monitoring of new legislation • Consultation, through ISA, on improving environmental legislation based on specific consumption data
	<p>Brussels: Brussels Institute for Environmental Management (IBGE)⁽¹⁾</p> <p>Flanders: LNE (Departement <i>Leefmilieu, Natuur en Energie</i>)⁽²⁾</p> <p>Wallonia: DGARNE (<i>Direction Générale Opérationnelle de l'Agriculture, des Ressources naturelles et de l'Environnement</i>)⁽³⁾</p>	<ul style="list-style-type: none"> • Monitoring of regional legislation • Interaction during the design phase of major renovations • Participation in exemplary buildings competitions
Not-for-profit institutes	BRE (Building Research Establishment)	<ul style="list-style-type: none"> • See BREEAM in the “Achievements” section of this chapter • See ISA in the “Achievements” section of this chapter
	ISA (International Sustainability Alliance)	<ul style="list-style-type: none"> • The Chief Technical Officer is a member of the Board of Directors of ISA
Analysts/investors	EIRIS (Experts in Responsible Investment Solutions) ⁽⁴⁾	<p>Befimmo answers specific questions on Corporate Social Responsibility from stakeholders such as EIRIS or for sectoral studies such as those conducted by the University of Maastricht.</p> <p>The answers are made available to other stakeholders via the Corporate Social Responsibility FAQ (details hereafter).</p> <p>Befimmo has also presented its approach at road shows and at a study day organised by ING Bank for businesses working in the real-estate sector.</p>
	University of Maastricht, etc.	
Sectoral associations	Royal Institution of Chartered Surveyors (RICS) ⁽⁵⁾	<p>RICS is an independent not-for-profit body with nearly 100,000 qualified members in some 140 countries. RICS establishes high standards of competence and integrity and, by means of working groups, training and specific studies, helps its members to fine-tune their Sustainable Development strategy.</p> <p>The Chief Technical Officer is a member of the Board of Directors of RICS Belux. The CEO is Fellow member of RICS.</p>
	Professional Union of the Real-Estate Sector (UPSJ) ⁽⁶⁾	<p>The UPSJ brings together owners, builders, developers and real-estate investors in Belgium and is dedicated to the study, protection and development of professional interests of its members.</p> <p>The UPSJ studies the Belgian real-estate market and the factors that influence it and wants to promote and support all measures, legislative and administrative, that are favourable for the real-estate sector.</p> <p>The CEO is a member of the UPSJ Board of Directors.</p>
	European Public Real Estate Association (EPRA) ⁽⁷⁾	<p>EPRA establishes good practice in accounting, information and corporate governance, and provides quality information for investors.</p> <p>The CEO is a member of the EPRA Board of Directors.</p>

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Level	Stakeholder	Activities
Tenants	La Plaine building	Development, in agreement with the tenant, of an investment plan worth more than €2 million for improving the performance and comfort of the building.
	Buildings Agency	A strategy meeting was held with the Buildings Agency, at which Befimmo presented its Sustainable Development approach. An analysis of opportunities will be made.
External Managers	AG Real Estate Property Management, BNP Paribas Fortis, Single Tenants	Regular meetings to assess opportunities for improvements, at both strategic and operational levels.
Architects/design offices	Various offices involved in major renovations	Consultation from the design stage to identify the impacts and opportunities of major renovations.

Internal

Befimmo's in-house commitments are described in detail under "The Befimmo team".

Communication with stakeholders

Corporate Social Responsibility FAQ

Since Befimmo joined the BEL20 index, the Company has noticed growing interest by external stakeholders in its Sustainable Development approach. In order to give answers that are as clear as possible and to provide this information to all stakeholders at the same time, Befimmo has prepared frequently asked questions (FAQ) on Corporate Social Responsibility. This document is available on the website (www.befimmo.be, in the chapter Corporate Social Responsibility, under the heading FAQ) and will be supplemented as important new data become available or with answers to relevant questions from stakeholders.

Questionnaire

In a desire to come into more direct contact with stakeholders, the latter

can assess Befimmo's Sustainable Development approach and make comments and suggestions for improvement by filling a Stakeholders Questionnaire which is available on the website: www.befimmo.be, in the chapter Corporate Social Responsibility, under the heading Stakeholders Questionnaire).

GRI reporting

Befimmo is gradually coming into line with the GRI Sustainable Development reporting standard.

This exercise began with the previous Annual Financial Report for 2008/2009 which Befimmo had analysed by the GRI. The purpose of this analysis is to check the truth of the self-declaration statement without making a judgement on the content of the Report. The GRI made some minor comments which are taken into account in this Report.

Befimmo is self-declaring the Annual Financial Report for 2009/2010 to be of quality C, which was checked and confirmed by the GRI (see "Reporting by the GRI" for more details).

Scope of reporting

Befimmo SCA's main activities and internal operation did not change over the fiscal year and no significant changes are planned for next year.

The scope of reporting on Sustainable Development activities covers the activities of Befimmo SCA and its subsidiaries, Fedimmo SA, Meirfree SA, Vitalfree SA and Axento SA.

Excluding the buildings held for sale, the consolidated portfolio comprises 830,164 m² of office buildings.

The scope of reporting decreased very slightly over the fiscal year, following the disposal of a floor of the La Hulpe building.

Befimmo's strategic commitments to Sustainable Development apply to its whole portfolio.

We wish to point out that the policy implemented by Befimmo at operational level cannot be fully applied to the Fedimmo portfolio. The agreement with the Buildings Agency stipulates that most of the recurring work is its responsibility, and accordingly Befimmo does not have absolute control over these activities. Nevertheless, through regular dialogue and consultation with the Buildings Agency, the environmental performance of the buildings is gradually being improved.

For instance, since 2002, the Agency has undertaken to implement the principles and themes of action set out in the Federal Sustainable Development Plan (<http://www.ciddd.be/FR/index.php?page=138>).

The activities covered by the EMS are those which Befimmo controls. Initially, the operational aspects of the EMS are deployed for the common areas of the buildings.

This does not rule out implementing activities regarding activities over which Befimmo has less influence, such as tenants' behaviour.

Regarding operational control, Befimmo's influence varies according to the types of tenants and the relative size of their leases in the building:

1. building with multiple tenants (M);
2. building with single tenant (S);
3. building leased to the Buildings Agency (B).

TABLE 3: BEFIMMO'S INFLUENCE DEPENDING ON THE RENTAL SITUATION

Relative Influence	Rental situation		
	M	S	B
Non-recurring improvements	++	++	++
Recurring improvements	++	+	-

Reporting period

This Report covers activities over the 2009/2010 fiscal year.

The floor area is as it was at 30 September 2010.

The previous Annual Financial Report (2008/2009 fiscal year, published in November 2009) is available on the website: www.befimmo.be, in the chapter IR & Finance under the heading Publications.

Achievements

Environmental aspects

The key themes for environmental improvements that Befimmo treats as priorities are:

1. energy and climate change;
2. management of natural resources;
3. dialogue with external firms working for or on behalf of Befimmo, and with tenants.

Progress towards the objectives announced last year is given at the end of the chapter. Implementation of some objectives will be postponed until the 2010/2011 fiscal year.

We give details here of the most important achievements:

ISO 14001

Befimmo has opted to implement the EMS at Corporate level, which is an ambitious exercise.

Befimmo's main activity is to build a portfolio of quality office buildings. Accordingly, many of the activities linked to the operational management and renovation of the buildings are subcontracted. It is therefore important for Befimmo not only to manage the activities carried out by its employees, but also crucial to include and inform the management companies, maintenance companies, architects, design offices and others involved of Befimmo's sustainable approach. This approach is a necessary first step to break the "circle of blame".

Alongside structural management procedures that satisfy the requirements of ISO 14001, operational management

procedures are devised on the following themes:

- major renovations;
- minor renovations and repairs;
- energy management;
- management of dangerous substances;
- waste management;
- sustainable procurement conditions;
- acquisitions;
- responsibilities of external firms.

ISO 14001 certification is important, in relation both to external stakeholders to demonstrate Befimmo's level of commitment to Sustainable Development and to employees to value the work done by the whole Befimmo team.

According to the certification audit report: "The quality of Management Review is remarkable for the size of the business and the age of its Management System."

Five minor non-compliances were identified during the certification audit. These, and the minor non-compliances identified during the internal audit, will be corrected during the 2010/2011 fiscal year.



International Sustainability Alliance (ISA)

Befimmo is a founding member of ISA. Since 2009, ISA, in partnership with BRE Trust, has assembled a worldwide network of organisations in the real-estate sector and is dedicated to achieving a more sustainable built environment. ISA is an independent not-for-profit organisation.

ISA's objectives are:

- to pool, compare and benchmark reliable performance data at building, portfolio, national and international level across building types and to develop benchmarks;
- to create an information platform and share knowledge, know-how and best practice;
- to influence regulators to improve the quality of legislation relating to the environment through a good understanding of interactions and reliable data.

ISA has the following activities :

- **Benchmarking**
Assess the impact of individual buildings on the environment in absolute terms and in relation to the portfolios of the whole sector and test strategies designed to achieve optimum efficiency. ISA will also facilitate the development of key performance indicators and uniform criteria.
- **Monitoring of legislation and lobbying**
Help to prepare for the new green laws and carry out lobbying for sound legislation based on fact and scientific research and designed to achieve sustainable real-estate.

- **Certification**
Provide a simple path of certification via a third party in line with international standards such as BREEAM.
- **External Corporate Social Responsibility reporting**
Help members to produce accurate and verifiable reports on Corporate Social Responsibility, a key aspect for organisations that include environmental targets in their annual reports.
- **Cooperation between owners - tenants**
By pooling environmental performance data in a single database, ISA members can benefit from the building management capability to improve cooperation with tenants.

The tools developed by ISA are compatible with ISO 14001 and the GRI.

BREEAM certification and other prizes

Befimmo applies the BREEAM guidelines so as to follow a structured approach and to obtain validation of the objectives achieved. This method allows the level of sustainability to be measured and buildings to be certified in a consistent manner.

Different versions of BREEAM have been devised to offer an approach suited to both new and existing buildings. BREEAM rewards performance that exceeds the local regulations. It is the most widely used method in the world.

BREEAM assesses buildings in the following areas: energy, management, health and well-being, transport, water, materials used, waste, land use and ecology and pollution.

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The score is awarded by an independent assessor.

For new building and major renovation projects, Befimmo aims for a “very good” certification for renovations worth more than €4 million. This requires a score between 55 and 70%. In terms of sustainability, this is equivalent to performance at least 55% better than the average for new buildings coming onto the market.

Befimmo also has ambitions to improve the sustainability of the existing buildings in its portfolio, and uses BREEAM “In-Use” certification for that purpose. The initial performance of the buildings is first measured, for the building itself (Asset) and for its management (Management). The scores for the first buildings to be assessed, in the framework of the “In-Use” certification were around 40% on the BREEAM scale, a “good” level of sustainability. On the basis of these results, the potential for improvement is identified and systematically incorporated into an implementation programme.

Major renovations

The extraction and use of resources to create materials and products used in renovations (and building) is one of the most serious direct environmental impacts of the real-estate sector. Ecological impacts such as loss of biodiversity, greenhouse-gas emissions and waste can be reduced by recycling and dismantling.

BREEAM certification, which Befimmo intends to implement systematically for major renovations, requires among other things data to be kept up to date concerning the use of natural resources and recycled materials.

But the environmental performance of the building is also determined at the design stage. Adopting an eco-design approach, from the initial phase, and in consultation with the architects and design offices, also lengthens the potential commercial life of the building.

Befimmo was the first real-estate company in Belgium to be awarded an “excellent” score for the BREEAM Design certificate.

The Froissart, Science-Montoyer and Empress Court buildings were all rated “Excellent”. Moreover, as in 2007, for the renovation of the Empress Court building, Befimmo was a prize winner in the IBGE “Exemplary Buildings 2009” competition for the renovation project of the Science-Montoyer building. Finally, the Paradis building was evaluated “Excellent” in Pre-Assessment phase.

For more technical information on these buildings, please see the “environmental passports” on our website: www.befimmo.be, in the chapter Corporate Social Responsibility in the heading Projects in progress.

FROISSART



EMPRESS COURT



SCIENCE -MONTOYER



In-Use buildings

Befimmo was the first real-estate company in Belgium to apply the BREEAM In-Use certificate.

BREEAM In-Use certification, which is renewed every year, is in line with the requirement for continuous improvement of the ISO 14001 standard.

Among other things, this certification requires consumption data to be monitored and thereby ensures that the data are validated, which is an important stage in achieving correct benchmarking figures.

Over the past fiscal year, 12 buildings applied for the BREEAM In-Use

certification. Those buildings were BREEAM In-Use certified for a total GLA (Gross Leasable Area) of 98,738 m².

For the intrinsic assessment of the building, six buildings received a “Pass” score and another six a “Good” score. For the assessment of building management, all 12 buildings received a “Pass” score.

Befimmo plans to have its whole portfolio (excluding Fedimmo) certified during the 2010/2011 fiscal year.

Multi-annual investment planning

Befimmo has continued to introduce a multi-annual investment plan with a view to improving the portfolio’s energy performance. This goes way beyond the commitments announced in the previous Annual Financial Report:

TABLE 4: BUDGETS ALLOCATED FOR IMPROVING THE ENERGY PERFORMANCE OF BEFIMMO BUILDINGS (EXCLUDING FEDIMMO)

Budget (€ million)	Realised	Forecasts		
	2009/2010	2010/2011	2011/2012	2012/2013
Announced in 2008/2009	0.7	0.5	0.5	NA
Realised and announced in 2009/2010	1.2	3.7	2.4	2.0

The specific measures implemented derive from the results of the energy audits conducted during the 2008/2009 fiscal year.

The investments released for the La Plaine building are a good example. This building was erected in 1995 with a total area of nearly 16,000 m².

By mutual agreement with the tenant, an investment plan with a budget of roughly €2 million was devised. This budget covers the costs of architects and special techniques designed to improve the building's environmental performance and comfort.

The works should allow annual energy consumption to be cut by about 1 million kWh, a reduction of nearly 25% in relation to current consumption.

The multi-annual investment plan has been devised for sustainable optimisation work in buildings not due to undergo major renovation. A specific budget is allocated to these for sustainable optimisation.

Evaluation at Corporate level of CO₂ emissions

Befimmo had CO2Logic, a company certified to calculate CO₂ emissions according to the "Bilan Carbone" methodology developed by the ADEME (Agence (française) de l'Environnement et de la Maîtrise de l'Energie or French Agency for the Environment and the management of Energy, see also: <http://www2.ademe.fr/servlet/KBaseShow?sort=-1&cid=96&m=3&catid=13709>), estimate the CO₂ emissions linked to Befimmo's corporate activities, e.g. the office activities of its employees.

The operational perimeter covers:

- travel with a company car;
- work-home travel;
- work-related travel by plane or train;
- paper consumption;
- building occupation.

Total emissions for the past fiscal year are estimated to be 170 tCO₂ equivalent, or 5 tCO₂ equivalent per employee.

In the course of next year, a feasibility study will determine which priorities should be tackled in order to reduce these emissions.

Monitoring

Keeping up to date a control panel of environmental performance using specific KPIs is a fundamental stage for assessing the results of Befimmo's strategic measures. The performance of the Sustainable Development KPIs can be found in the "GRI indicators" section.



Energy and water

Digital meters were installed during the 2009/2010 fiscal year throughout the Befimmo portfolio (excluding Fedimmo). The meters measure consumption of:

- electricity consumption;
- gas consumption;
- water consumption.

An automatic warning alerts the user to any anomalies.

A more in-depth analysis of energy consumption will be conducted annually, to detect any structural dysfunctions.

A comparison was made of the change in energy consumption in the buildings between the previous and current fiscal years.

Establishing the benchmark consumption will enable KPIs and reduction targets to be defined at a later stage. Tenants (excluding Fedimmo) have recently been given access, via an extranet, to their energy consumption data.

Waste

The volume of waste (paper/cardboard, plastic, metal and drinks cartons, and household waste) and its disposal (recycling, incineration) was partially recorded over the 2009/2010 fiscal year.

Social aspects

The Befimmo team

The Befimmo team is crucial to the success of its global strategy. Staff awareness of and participation in conceptual work as well as their day-to-day contribution, is a key element indispensable for the achievement of these objectives.

Befimmo is aware that a pleasant working environment helps to stimulate creativity and motivation, and that it strengthens staff members' commitment to the Company.

At 30 September 2010, the team consisted of 40 people (55% men and 45% women). With the exception of the CEO, all staff are employed, 39 on indefinite contracts and one on a fixed-term contract. 63% of staff are university graduates, and 72% of these also have a postgraduate diploma.

Over the past fiscal year there were no occupational diseases at Befimmo, and one occupational accident. The absenteeism rate⁽¹⁾ over the past fiscal year was 1.4% of the total number of working hours. This can be compared with an average rate of 2.42%⁽²⁾ for businesses in general.

Over the fiscal year, Befimmo recruited 13 new staff members and recorded 7 departures.

Developing the potential of staff members is in line with the policy of enhancing human resources. Training is therefore offered to staff members when a need is identified.

A programme of awareness-raising and training in Sustainable Development is implemented:

- each employee receives awareness training in Sustainable Development and an introduction to the EMS;
- more in-depth training on the EMS is offered to employees who have a specific task defined in the EMS;
- monthly meetings are held in the technical department to assess implementation of the EMS and to share know-how acquired during external training;
- the management prepares an annual presentation for all staff, to inform them of progress on Sustainable Development activities and Befimmo's strategy in this area.

(1) Absenteeism rate: ratio of the number of hours of short-term sickness (< 30 days) to the total hours worked.

(2) Source: sdWorx publication "Result driven HR", October 2009.



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Over the past financial year, Befimmo recorded an average of 39 hours a year of training per staff member, more than half of which are language courses.

All team members have at least one appraisal interview a year with their superior, based mainly on a broad assessment of their relationship with the Company.

Befimmo's employees enjoy a pension scheme that is more generous than is required by law, guaranteeing an income substitution benefit proportional to the salary earned at the time of retirement (defined-benefits system) and related to their length of service. More detailed information can be found in the note "Employee benefits" on page 147 of this Annual Financial Report. The average age of the Befimmo SCA team (excluding the Board of Directors) is 39.

Befimmo pays salaries in line with market rates, which are substantially higher than the relevant minimum scales.

Befimmo is subject to the National Auxiliary Joint Committee for White-Collar Workers, also known as Joint Committee 218, which applies to all staff members.

Economic aspects

Befimmo has a Code of ethics requiring ethical values to be observed in relations with its customers, management team, partners and shareholders. In line with this Code of ethics, Befimmo abides by in-house rules designed to limit the risks associated with money laundering and funding of terrorism.

The Corporate Governance Charter of Befimmo SCA and the attached Terms of Reference describe the set of rules, procedures and practices defining the way in which the company is managed and controlled. Befimmo has adopted the 2009 Belgian Code of Corporate Governance as a reference code.

Befimmo's Corporate Governance Charter and the Code of ethics are available on the website: www.befimmo.be, in the chapter Corporate Governance under the heading Charter.

The various Terms of Reference can also be found on the website:

- Terms of Reference of the Board of Directors;
- Terms of Reference of the Audit Committee;
- Terms of Reference of the Appointments and Remuneration Committee;
- Terms of Reference of the Executive Officers;
- Charter of the College for the Day-to-day management of Befimmo SCA.

GRI indicators

For some years now Befimmo has been applying responsible practices for managing its activities.

The purpose of the indicators is to show whether the measures devised and implemented by Befimmo result in an improvement in the environmental performance of the buildings and a reduction of their impact. If no improvement is noted, the indicators tell the Management that the strategy and measures devised need to be reviewed.

The performance indicators are tools for management and continuous improvement but are also important communication tools for external stakeholders.

For many businesses, gathering data is an exercise that evolves and improves from year to year, thereby enhancing reporting quality. This also applies to Befimmo. In a concern to be exhaustive and transparent, Befimmo clearly describes the methodology, definitions and scope for the KPIs reported.

Befimmo makes use mainly of the GRI reporting requirements, but also keeps a close watch on the development of the GRI sector supplements and the recommendations devised by ISA, and will gradually implement these.

The data obtained for the indicators reported were collected mainly by external property managers, and are based on utility bills. A margin of error is therefore inevitable.

However, wherever possible, Befimmo already endeavours to report year-on-year changes in certain performance indicators.

Digital meters (for electricity, gas and water) have been fitted throughout Befimmo's portfolio (excluding Fedimmo). These will allow more accurate data to be collected from the 2010/2011 fiscal year. This will also be taken as the benchmark period, and quantitative targets for improvements will be set on this basis.

Interpretation of figures

Normalised consumption figures vary widely in the literature. In a study conducted by Ingenium ("Energy Management of the Ministry of the

Flemish Community" (2004)), the existing benchmarking figures are reported in the literature. The values vary very widely: from 50 kWh/m² to more than 300 kWh/m² for electricity consumption and between 150 kWh/m² and 210 kWh/m² for fuel consumption. Part of the difference is due to the different types of area measurements (e.g. gross versus net area). Moreover, there is no single standard or definition of these terms. The building's characteristics (age, fabric, occupancy rate) also have a substantial impact on energy consumption. Finally, the tenant's use of the building plays a significant role. For example, space rented by a call-centre company with a major server infrastructure will consume more than a space rented by a tenant with more conventional computing activities.

The figures therefore need to be interpreted with caution. To clarify the KPIs presented, we also provide more information on the reporting methodology used in [Table 5](#) (hereafter).

Scope of reporting and methodology

We wish to point out that in terms of reporting of KPIs, apart from the major renovations, the scope is restricted to Befimmo's own portfolio, excluding Fedimmo, which corresponds to 60% of the total portfolio in terms of GLA (see also "Monitoring").

Power, gas, water, greenhouse-gas emissions

The data collected and presented relate to consumption over the calendar years 2008 and 2009. The data are taken mainly from utility bills obtained through the property manager or tenants.

The analysis includes only those buildings for which two consecutive years of data were available. For each indicator, we give the percentage of the total GLA it covered.

Regarding the percentage of renewable electricity, the figure given is a minimum, as Befimmo does not have any additional information about the origin of the electricity consumed in the private areas of the buildings.

Accordingly, the figure given for CO₂ emissions is an estimate.

Waste

The figures were obtained from external firms responsible for collecting and disposing of waste in 2009.

Waste linked to the use of the buildings is mostly produced by the tenants.

Data are available for the following categories of waste :

- paper/cardboard (recycled);
- plastic, metal and drink cartons (recycled);
- household waste (incinerated).

Major renovations

The first project (Science-Montoyer) to include sustainable procurement conditions was launched in 2009/2010. The following data are kept up to date by the contractor:

- waste management;
- water consumption;
- power consumption;
- transport management.

When tendering, building contractors have to evaluate the power and water consumption associated with the renovation.

Normalisation

Where applicable, data are normalised per m² referred to the gross leasable area (GLA, also including common areas).

Indicators not reported at this stage

The 2008/2009 Annual Financial Report announced which indicators would be reported for the 2009/2010 fiscal year. There has been a delay for the following indicators, which are not yet considered to be of sufficient quality:

- emission of ozone-depleting substances (GRI EN19);
- total water discharge by quality and destination (GRI EN21).

TABLE 5: KPI REPORTING DETAILS

Topic	Scope of reporting	Improvements to be made
Use of natural resources, rate of materials recycled and waste linked to major renovations	<p>The data will be reported for the major renovations that comply with sustainable procurement conditions, i.e. projects costing over €500,000.</p> <p>Paper consumption is reported for Befimmo's corporate activities, i.e. paper used for in-house printing by the Befimmo team.</p>	
Energy consumption (gas and electricity) and greenhouse-gas emissions	<p>Common areas + private areas, representing 62% of the portfolio for electricity consumption and 66% for gas consumption in terms of GLA. The data therefore include consumption over which Befimmo has no direct influence (private areas).</p> <p>For some private consumption, no data was obtained for 2008 or 2009. It is therefore an underestimate. However, Befimmo is including these buildings in the reporting since consumption in private areas is related to the occupier's activities.</p> <p>The buildings for which the data for 2008 and/or 2009 were missing were not taken into account; buildings with rental vacancies of more than 70% were also excluded as they are not considered to be representative for average consumption.</p> <p>For gas consumption, a calculation was made to take account of degree-days, as described on the website www.gaznaturel.be. Degree-days give an inverse image of the temperature and are therefore a criterion for evaluating the cold for a given period. Since the degree-days were 2213 for 2008 and 2212 for 2009, the difference is negligible, and is not taken into account in the final calculations as the consumption data come from utility bills and therefore already contain a small margin of uncertainty.</p> <p>The calculated percentage of renewable energy is a minimum, as Befimmo has no information about the origin of the electricity when it is billed directly to the tenant. The calculation of greenhouse-gas emissions is an estimate for that reason. An emission factor of 253 gCO₂/kWh has been used for emissions related to non-renewable electricity consumption (source EIA, 2007) and an emission factor of 205 gCO₂/kWh for emissions related to natural gas consumption (source: ADEME, Carbon balance).</p>	<p>The BREEAM In-Use guidelines will be applied systematically. The consumption data will be based on meter readings from the next fiscal year.</p> <ul style="list-style-type: none"> • The meters installed give information for the whole portfolio. It is not therefore possible to make a distinction between common and private areas. • Obtain more information on the origin of the electricity used in private areas. Make tenants aware of the use of renewable electricity.
Water consumption	<p>Related to building use and management.</p> <p>Common areas + private areas, accounting for 74% of the portfolio in terms of GLA.</p>	<p>The BREEAM In-Use guidelines will be applied systematically. The data will be based on meter readings as of the next fiscal year.</p>
Waste from building use	<p>The data relate to waste from the use of 40% of the buildings in terms of GLA. There are still many uncertainties, so the results are therefore to be regarded as an estimate, to be refined over future periods.</p>	<ul style="list-style-type: none"> • Obtain more information on the disposal of unrecycled waste and the method used by waste collection firms to consolidate their figures. • Obtain data for: <ul style="list-style-type: none"> • small household chemical waste; • glass.

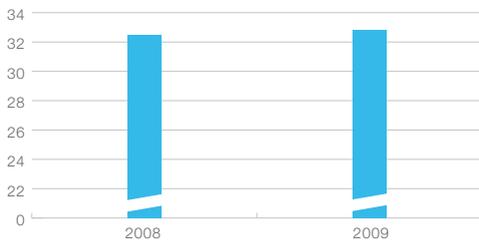
Corporate Social Responsibility

Environmental indicators Related to properties portfolio

Energy

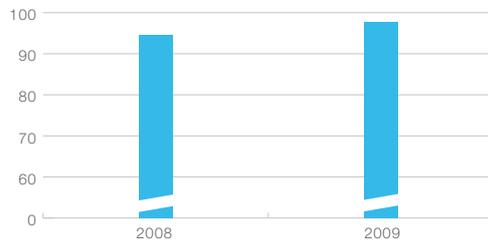
TABLES 6 : DIRECT ENERGY CONSUMPTION (GRI EN3)

TOTAL GAS CONSUMPTION (million kWh)



(Note : scope = 66% of Befimmo portfolio (excluding Fedimmo))

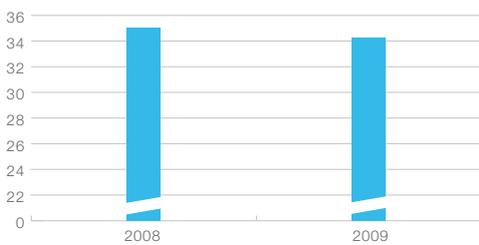
AVERAGE GAS CONSUMPTION (kWh/m²)



(Note : scope = 66% of Befimmo portfolio (excluding Fedimmo))

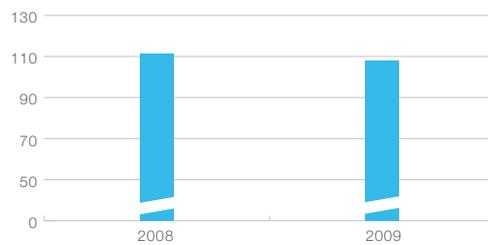
TABLES 7 : INDIRECT ENERGY CONSUMPTION (GRI EN4)

ELECTRICITY CONSUMPTION (million kWh)



(Note : scope = 62% of Befimmo portfolio (excluding Fedimmo))

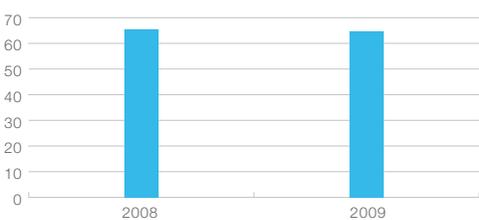
AVERAGE ELECTRICITY CONSUMPTION (kWh/m²)



(Note : scope = 62% of Befimmo portfolio (excluding Fedimmo))

TABLE 8 : PERCENTAGE OF RENEWABLE ELECTRICITY

RENEWABLE ELECTRICITY (%)



(Note : scope = 62% of Befimmo portfolio (excluding Fedimmo))

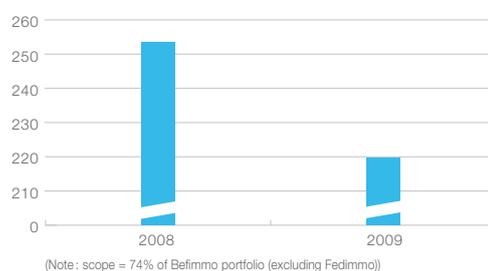
Water consumption

TABLES 9: TOTAL WATER CONSUMPTION (GRI EN8)

TOTAL WATER CONSUMPTION (thousand m³)



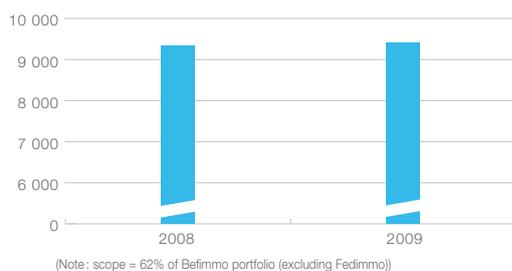
AVERAGE WATER CONSUMPTION (L/m²)



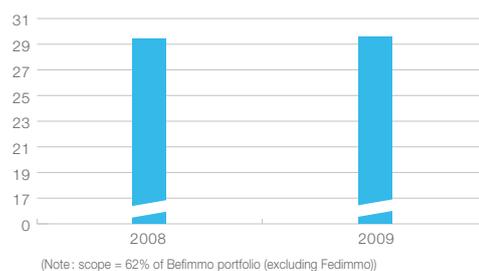
Emissions

TABLES 10: TOTAL DIRECT AND INDIRECT GREENHOUSE-GAS EMISSIONS (GRI EN16)

TOTAL CO₂ EMISSIONS (in ton CO₂)
(electricity and gas consumption)



AVERAGE CO₂ EMISSIONS (kgCO₂/m²)
(electricity and gas consumption)





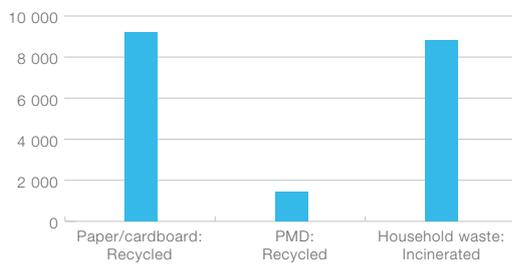
Corporate Social Responsibility

Waste

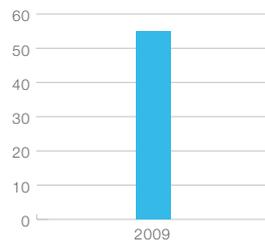
Building use and management

TABLES 11: TOTAL VOLUME OF WASTE BY TYPE AND DISPOSAL METHOD (GRI EN22)

TOTAL WASTE VOLUME BY CATEGORY (2009) (m³)



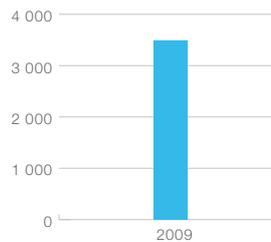
RECYCLED WASTE (PAPER, CARTON, PMD) (%)



Relating to Befimmo at Corporate level

TABLE 12: PAPER CONSUMPTION OF BEFIMMO'S TEAM

PAPER CONSUMPTION, CORPORATE LEVEL (kg)



Social indicators

TABLE 13: COMPOSITION OF GOVERNING BODIES AND BREAKDOWN OF EMPLOYEES BY GENDER (as at 30 September 2010)

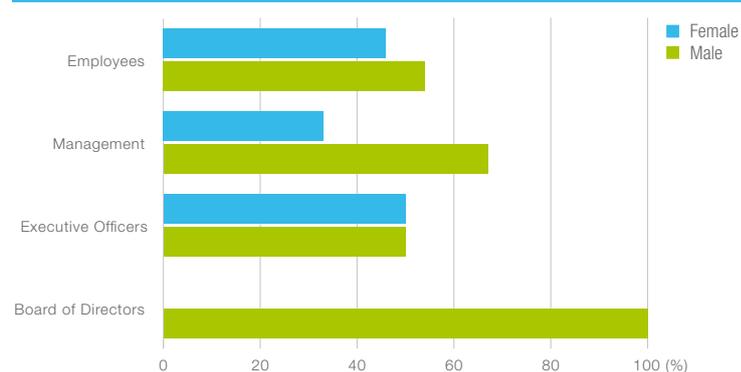
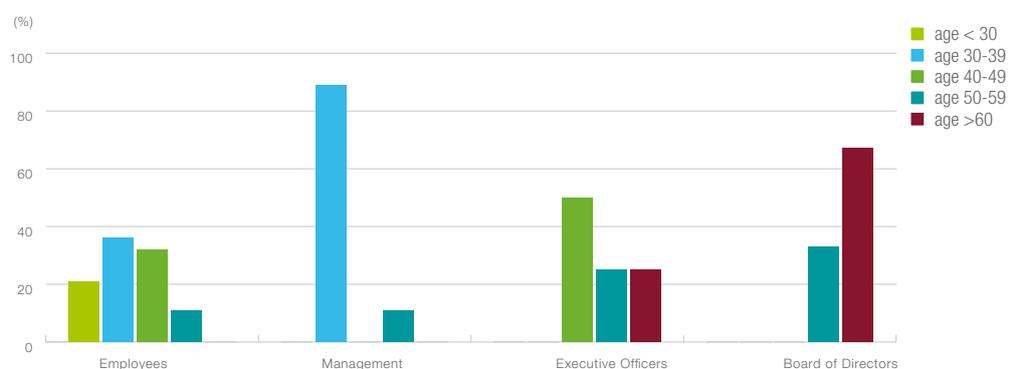


TABLE 14: COMPOSITION OF GOVERNING BODIES AND BREAKDOWN OF EMPLOYEES BY AGE (as at 30 September 2010)



Economic indicators

TABLE 15: INDICATOR OF DIRECT ECONOMIC VALUE ADDED AND DISTRIBUTED (GRI EC1) (€ million)

	30.09.2010	30.09.2009	30.09.2008
I. Direct economic value added	157.1	154.4	164.7
II. Economic value distributed			
Operating costs	30.3	32.1	36.9
Staff costs	5.9	4.9	4.0
Payments to contributors of capital	89.3	94.0	103.1
Payments to the State	16.9	12.4	16.3
	143.4	143.4	160.3
III. Undistributed economic value (I-II)	13.7	11.0	4.4

Corporate Social Responsibility

Targets for 2010/2011

The new environmental programme for 2010/2011 is available on the website: www.befimmo.be, in the chapter Corporate Social Responsibility, under the heading Environmental Responsibility/Environmental Programme.

In addition to completing the targets which were not or partially achieved last fiscal year, Befimmo is setting new targets for next fiscal year.

TABLE 16: CORPORATE SOCIAL RESPONSIBILITY PRIORITIES FOR THE 2010/2011 FISCAL YEAR

Topic	Activity undertaken
Quality of Key Performance Indicators (KPIs)	<p>The KPIs used and reported are determined on the basis of a number of guidelines/instruments devised specifically for the real-estate sector:</p> <ul style="list-style-type: none"> • ISA recommendations; • BREEAM standard; • GRI standard and EPRA comments on the GRI sector supplement. <p>The KPIs reported in the Annual Financial Report were obtained from billing data. For next fiscal year, the quality of the figures will be improved as data will be obtained through to the digital meters installed in the Befimmo portfolio (excluding Fedimmo).</p> <p>Consumption reduction targets will be set in line with the reporting tools developed by ISA and their implementation.</p>
Code of Conduct	<p>The Company is keen to face its responsibilities and help its tenants to manage the building rationally. The Code of Conduct will serve among other things to share the knowledge Befimmo has acquired in recent years with tenants. The Code will aim to raise tenants' awareness of the responsible use of the building they occupy to enable them eventually to know more about it and help them to make good use of it.</p>
Tenants' awareness of renewable energy	<p>66% of the Befimmo portfolio (excluding Fedimmo) is supplied with renewable energy, under a framework contract. A programme to raise awareness among tenants managing their own electricity contract for the private areas will aim to increase the rate of renewable electricity in the Befimmo portfolio.</p>
Waste management	<p>In order to develop a waste-reduction programme, an important first step is to establish the volume of waste generated by the use of the buildings.</p>
Development of social and economic topics	<p>The greatest impact in terms of Befimmo's Corporate Social Responsibility is on environmental aspects. However, a study will be carried out to analyse what measures and commitments we can be taken on the social and economic aspects.</p>
Improved coordination of in-house activities	<p>The Management has identified a potential for improvement in the coordination of strategic and operational activities, especially between the Sustainable Development Team and the Sustainable Development Technical Team. Accordingly, a Senior Property Manager will be recruited. One of his/her main responsibilities will be to optimise coordination of in-house activities.</p>

Topic	Activity undertaken
Raising awareness in and audits of external firms	<p>Since Befimmo works with numerous external firms in the course of its business, these should be involved and made aware of Befimmo's sustainability approach. but there should also be checks that they carry out their work in accordance with the Company's values. An audit programme will be devised and implemented to regularly evaluate that work is carried out properly.</p> <p>The programme will cover the following external firms:</p> <ul style="list-style-type: none"> • property managers; • waste collection and disposal firms. <p>Regarding the major renovation and use of buildings, audits are foreseen in the the various stages of the BREEAM certifications.</p>
Bringing the EMS into line with the Sustainable Development activities of the Buildings Agency	<p>On August 1st, 2002 the Buildings Agency undertook to apply the Federal Environmental Charter. This Charter implements the principles and themes of action set out in the Federal Sustainable Development Plan. Firstly, it covers themes common to all federal administrations, namely:</p> <ul style="list-style-type: none"> • managing office waste, • taking account of environmental criteria when purchasing goods and services, • developing a staff mobility plan; etc. <p>and, secondly, measures specific to the Buildings Agency:</p> <ul style="list-style-type: none"> • sorting of demolition and building waste; • using recycled materials in new buildings; • rational use of energy and water in buildings occupied by federal administrations; • improving air quality and limiting noise pollution. <p>Befimmo will cooperate with the Buildings Agency to facilitate and foster the implementation of its Sustainable Development Policy and to the gradual improvement the environmental performances of Fedimmo buildings.</p>
In-house awareness	<p>Staff awareness should continue to be raised. A regular assessment will be made of the EMS implementation through a number of internal meetings at both strategic and operational levels and through internal audits and maintenance audits for the ISO 14001 certification of the EMS, in order to rapidly identify any improvements to be made.</p> <p>Depending on needs, staff will attend external training courses and the know-how acquired will be shared within the Company.</p>
BREEAM In-Use certification (excluding Fedimmo)	<p>BREEAM In-Use certification is a powerful management and monitoring tool, which can also highlight to stakeholders Befimmo's desire to take the lead in the sustainable management of its buildings.</p>

Corporate Social Responsibility

Corporate-level objectives

The following measures will be implemented in order to reduce the environmental impact of the activities of Befimmo's team:

- **Feasibility study**
Over the next fiscal year, Befimmo will consider its priorities for reducing the environmental impact of its own activities.
- **Biodiversity pilot study of the Goemaere site** Befimmo will commission a pilot study by a biologist/ecologist to assess the state of biodiversity and recommend any necessary improvements on the Goemaere site. Similar studies could be carried out in future for a number of sites, especially those in the Befimmo portfolio that are located on a large site.

Incidents, penalties

During the 2009/2010 fiscal year, there were no incidents regarding:

- corruption;
- accidental discharges;
- anti-competitive, anti-trust or monopolistic practices;
- non-compliance with health and safety regulations;
- pollution of soil or subsoil;
- non-compliance in relation to marketing, advertising, promotion or sponsorship communication;
- discrimination;
- non-respect of privacy.

The IBGE sent a compliance warning for the Brederode II and Joseph II buildings. The buildings were immediately brought into compliance.

Complaints from tenants relate mainly to technical breakdowns and allocation of charges.

Materiality

Befimmo's priorities for Corporate Social Responsibility and hence also for reporting materiality were devised by analysing a number of tools and applying them in accordance with the Company's values.

These include:

- **An exercise to analyse the business's environmental aspects and impacts**, linked to the development of Befimmo's internal ISO 14001 Environmental Management System;
- **Applicable legislation** on environmental matters;
- **Analysis of sectoral reports** on Corporate Social Responsibility in the real-estate sector;
- **Questions from stakeholders**: based on questions/remarks by external parties, such as institutional investors or Company employees. On this basis, management fine-tunes the measures to be taken, where necessary;
- **BREEAM specifications**: the BREEAM guidelines are an important element of implementing Befimmo's commitment to improve its environmental performance;
- **Application of ISA guidelines** (see above for more details);
- **Revision of the GRI sector supplement for the real-estate sector**; note that it is still in draft form at this stage. Befimmo has nevertheless already studied the guidelines in the supplement;
- **RICS specifications**.

(1) Source: www.globalreporting.org.

Reporting by the GRI

GRI is introducing a Corporate Social Responsibility reporting standard, accepted worldwide.

This Annual Financial Report is of quality C, self-declared (see Table 17). A check by GRI confirms this quality level.

Befimmo is closely monitoring the development of the GRI Construction and Real-Estate Sector Supplement (CRESS),

which is still at the draft stage. Where necessary, the Company will take account of the guidelines and priorities set out in CRESS.

The preceding paragraphs discuss the indicators of highest priority for Befimmo's activities. However, in its concern to be exhaustive, Befimmo is also providing information regarding additional indicators, which are not yet linked to an improvement activity, but could be in the future. They are shown in the GRI-table (hereafter).



TABLE 17: DEFINITION OF GRI REPORTING QUALITY LEVELS ⁽¹⁾

Report Application Level	C	C+	B	B+	A	A+
Standard Disclosures 	Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.1 - 4.4, 4.14 - 4.15	Report Externally Assured	Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5 - 4.13, 4.16 - 4.17	Report Externally Assured	Same as required for Level B	Report Externally Assured
	Not Required		Management Approach Disclosures for each Indicator Category		Management Approach Disclosures for each Indicator Category	
	Report on a minimum of 10 Performance Indicators, including at least one from each of: Economic, Social and Environmental.		Report on a minimum of 20 Performance Indicators, at least one from each of: Economic, Environmental, Human rights, Labor, Society, Product Responsibility.		Report on each core G3 and Sector Supplement Indicator with due regard to the Materiality Principle by either: a) reporting on the Indicator or b) explaining the reason for its omission.	

Note: the GRI analysis is designed to check the truth of the self-declaration regarding the exhaustiveness of the indicators reported, but without judging the content of the Report.



Corporate Social Responsibility

Please contact Mrs. Emilie Delacroix on any issues relating to Befimmo's Corporate Social Responsibility:

**Emilie Delacroix - Investor Relations
& External Communication Manager**

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T: +32-2 679.38.63
F: +32-2 679.38.66

Befimmo's website

In addition to the documents described above, Befimmo's website (www.befimmo.be) provides additional information that may be helpful to supplement the Corporate Social Responsibility chapter of this Annual Financial Report, namely:

- Sustainable Development policy;
- Corporate Social Responsibility chapter of the 2008/2009 and 2009/2010 Annual Financial Reports;
- Previous Annual Reports;
- ISO 14001 certificate;
- BREEAM and BREEAM in-Use Certificates;
- Environmental passports;
- Implementation status of the 2009/2010 Environmental Programme;
- Environmental Programme 2010/2011;
- External Stakeholders Questionnaire;
- Code of ethics;
- Governance Charter;
- Various Terms of Reference.

Further information

The following information can be found hereafter:

- Implementation status environmental programme 2009/2010;
- Environmental programme 2010/2011;
- GRI identification table for parameters reported;
- Corporate Social Responsibility glossary.

IMPLEMENTATION STATUS OF BEFIMMO'S ENVIRONMENTAL PROGRAMME (2009/2010)							
Topic	Specifics	Scope			Action	Status	Objectives/Comments
		M	S	B			
MANAGEMENT LEVEL							
Management commitment	annual progress assessment by external auditors	√	√	√	independent progress assessment external communication		<p>Befimmo's internal audit (exercise linked to ISO 14001 cycle) was carried out by URS, an external Sustainable Development consultancy firm.</p> <p>The whole Environmental Management System was assessed and certified by Lloyds, an external certification firm.</p>
financial resources	improvement and prevention budget	√	√	√	release necessary resources		<p>€1.2 million (2009/2010), €3.7 million (2010/2011), €2.4 million (2011/2012), €2.0 million (2012/2013)</p> <p>The target was exceeded: the budgets have increased significantly in relation to what was announced in the previous Annual Financial Report.</p>
	major renovation budget	√	√	√	release necessary resources		<ul style="list-style-type: none"> • A surplus of 5 to 10% can be released for major renovations in order to improve environmental performance • Programme costing over €2 million to improve performance and comfort in the La Plaine building • A budget plan up to 2020 is to be finalised. Befimmo has prepared a multi-annual investment plan containing expected major events up to 2020
external communication	inform stakeholders of progress on Sustainable Development	√	√	√	gradual compliance with reporting standards laid down by the GRI (Global Reporting Initiative)		<ul style="list-style-type: none"> • Annual Financial Report 2009/2010 quality C, self-declared and confirmed by a GRI check • Annual update of staff by Management of main strategic lines in Sustainable Development and the implementation status of the Environmental Management System (EMS). Issues raised are incorporated into the "points for improvement" in the non-compliance register • Presentation by the CFO in June 2010 on development activities at a study seminar organised by ING Bank for businesses working in real-estate • Participation in various sectoral working groups • Development of Sustainable Development FAQ published on the website

Corporate Social Responsibility

Topic	Specifics	Scope			Action	Status	Objectives/Comments
		M	S	B			
OPERATIONAL ORGANISATION LEVEL		M	S	B			
Five principles of Befimmo's environmental Policy							
compliance with laws and regulations	register of legislation	√	√	√	devise register of legislation and keep up to date		The register for Belgium has been updated and checked by an external law firm. One non-compliance was identified during the certification audit: no register was devised for the Grand Duchy of Luxembourg, where Befimmo has a property.
preventive approach to environmental impact	procedures of the Environmental Management System	√	√	√	devise operational procedures within the EMS for preventing and reducing environmental impacts		The procedures have been devised and validated by the Environmental Management System.
environmental impact management	move from a lightweight version to the complete version of ISO 14001	√	√	√	have the EMS certified		Certification of the EMS is an external recognition of achievements.
continuous assessment and improvement	formalise the approach followed for major renovations	√	√	√	eco-construction		Different levels of BREEAM certification are involved, depending on the scope of renovations and when the work consists of improving the fabric and service installations: <ul style="list-style-type: none"> • very good: renovations ≥ €4,000,000 • good: renovations ≥ €1,000,000 • pass: renovations ≥ €500,000 Sustainable procurement conditions are added to the specification.
		√	√	√	specifications for building contractors for works costing upwards of €100,000		The target was exceeded: for each purchase an assessment is made as to whether environmental requirements need be included.
	obtain green label (BREEAM Building for major renovations, BREEAM In-Use for existing buildings)	√	√	√	systematically after each renovation		The BREEAM certificate is the most widely recognised and complete standard currently on the market. All major renovations will be certified, and buildings In-Use will also be gradually certified. <p>Specifically, the Paradis, Empress Court, Science-Montoyer and Froissart buildings are currently in the process of obtaining BREEAM certification following major renovations. No project was completed in 2009/2010. Two projects (Froissart and Empress Court) will be completed in 2010/2011.</p> <p>Some ten buildings In-Use are also certified.</p>

Topic	Specifics	Scope			Action	Status	Objectives/Comments
		M	S	B			
	formalise the approach followed for minor renovations	√	√	√	EMS procedure		Procedure finalised and incorporated into EMS
	introduce sustainable "procurement conditions"	√	√	√	EMS procedure		The level of criteria defined is proportional to the value of purchases. The procedure follows BREEAM recommendations. These criteria are systematically added to the specifications.
	digital energy meters	√	√		direct intervention in the event of anomalies and more detailed analysis for energy consumption		The entire Befimmo portfolio (excluding Fedimmo) is fitted with digital meters.
	take part in working groups	√	√	√	active participation in two working groups		Befimmo has joined the International Sustainability Alliance (ISA), and also takes part in several UPSI and RICS projects. Befimmo's Chief Technical Officer is a member of the ISA Board of Directors and the Board of RICS.
	digitise and centralise information	√	√	√	accessibility of important documents		The necessary software is installed and referenced in the EMS; documents are being digitised.
promote environmentally friendly practices with tenants	tenants' Code of Conduct	√	√		develop, raise awareness, obtain feedback		Objective delayed; to be developed during the next fiscal year. Consideration will also be given to the introduction of a green lease ⁽¹⁾ .
	define comfort criteria	√	√		introduce clear environmentally friendly criteria		Objective delayed; to be developed during the next fiscal years.
communication systems for coordinating subcontracted activities	external management company obligations	√	√		review contract with portfolio manager		The new contract includes specific clauses on improving the environmental performance of buildings.
	optimise communication between various active players: Fedesco, AG RE PM, Buildings Agency	√	√	√	annual Sustainable Development meeting for each building, involving all players		

(1) See definition in the glossary at the end of this chapter.

Corporate Social Responsibility

Topic	Specifics	Scope			Action	Status	Objectives/Comments
		M	S	B			
OTHER ITEMS							
renewable electricity	Fedimmo: renewable energy study			√	study the possibilities for implementing renewable energy		Objective delayed; to be developed during the next fiscal years in cooperation with Fedesco ⁽¹⁾
change to gas	replace oil-fired heating with gas-fired	√	√				Delayed in some buildings. This objective should be achieved by end December 2010.
	replace oil-fired heating with gas-fired			√			Completed by end December 2010. Two buildings will not be heated with gas as there is no supply.
Corporate level	cut electricity consumption	NA			install motion detectors		The whole floor occupied by Befimmo is equipped with motion detectors.
Corporate level	paper purchases	NA			buy certified paper		The Annual Financial Report is printed on FSC paper. Paper used for in-house printing is FSC or PEFC certified.

(1) See definition in the glossary at the end of this chapter.

BEFIMMO'S ENVIRONMENTAL PROGRAMME (2010/2011)

Topic	Specifics	Scope			Action	Status	Objectives/Comments
		M	S	B			
2009/2010 OBJECTIVES NOT COMPLETED							
compliance with laws and regulations	register of legislation	√	√	√	devise register of legislation and keep up to date		The register for Belgium has been updated and checked by an external law firm. One non-compliance was identified during the certification audit: no register was devised for the Grand Duchy of Luxembourg, where Befimmo has a property.
promote environmentally friendly practices with tenants	tenants' Code of Conduct	√	√		develop, raise awareness, obtain feedback		Objective delayed; it will be developed during the next fiscal years. Consideration will also be given to the introduction of a green lease.
	define comfort criteria	√	√		introduce clear environmentally friendly criteria		Objective delayed, to be developed during the next fiscal years
renewable electricity	Fedimmo: renewable energy study			√	study the possibilities for implementing renewable energy		Objective delayed, to be developed during the next fiscal years in cooperation with Fedesco ⁽¹⁾ .
change to gas	replace oil-fired heating with gas-fired	√	√				Delayed in some buildings. This objective should be achieved by end December 2010.
	replace oil-fired heating with gas-fired			√			Completed by end December 2010. Two buildings will not be heated with gas as there is no supply.
MANAGEMENT LEVEL							
communication	gradual improvement	√	√	√	gradually develop GRI criteria		Annual Financial Report 2011/2012: quality B report (20 performance indicators) or quality C with external verification.
raise tenants' awareness	encourage tenants to use green energy	√	√		develop awareness-raising programme		
Fedimmo	the Buildings Agency is implementing the guidelines as defined in the Federal Sustainable Development Plan			√	bring Buildings Agency and Fedimmo Corporate Social Responsibility activities into line		

(1) See definition in the glossary at the end of this chapter.

Corporate Social Responsibility

Topic	Specifics	Scope			Action	Status	Objectives/Comments
		M	S	B			
social and economic aspects	develop them				conduct a feasibility study of possible measures		Befimmo is currently concentrating on the environmental aspects, and will consider opportunities for improvement on the other pillars of Sustainable Development (economic and social aspects).
Investor relations	join a stock-market index that takes account of Corporate Social Responsibility performance	√	√	√	conduct a feasibility study to determine priorities		
sustainable procurement conditions	formalise policy for using wood specified in procurement conditions	√	√	√	formalise policy for using wood specified in procurement conditions		
coordination of internal activities	ensure proper coordination of Corporate Social Responsibility activities	√	√	√	coordinate strategic and operational levels		Hire a Senior Property Manager notably with responsibility to optimise coordination of in-house activities.
human resources	finalise job descriptions	√	√	√			Ensure that job descriptions include Corporate Social Responsibility duties where necessary.
OPERATIONAL LEVEL							
quality of Key Performance Indicators (KPIs)	improve KPIs and data-collection methodology	√	√	√	implement different tools where they add value		For next fiscal year, the quality of the figures will be improved thanks to the digital meters installed in the Befimmo portfolio (excluding Fedimmo). An initial assessment will be carried out on defining quantitative targets for reducing environmental impact.
documenta-tion	transfer of important documents (certificates, declarations, etc.) held by external management firms	√	√	√	adapt operational procedure		

Topic	Specifics	Scope			Action	Status	Objectives/Comments
		M	S	B			
management of Corporate activities	reduce environmental impact at Corporate level	√			conduct a feasibility study of measures to be implemented		Make additional commitments for Befimmo office automation activities. An analysis will be made of priorities to be followed.
waste	reduce impact of waste relating to use of building	√	√		conduct a feasibility study to determine priorities		Devise a programme to reduce waste and improve rate of recycling of tenants' waste.
compliance with EMS/ legislation	tighten controls on action for which external firms are responsible => external firms audit programme	√	√		adapt procedure after determining type and number of audits of external firms to be carried out		
	other	√	√	√	include legislation on coordination of mobile and temporary sites		
continuous improvement	include environmental aspects in annual building assessment	√	√	√	adapt operational procedure		
certification	certify In-Use buildings	√	√		certify entire M and S portfolio		
OTHER ITEMS							
organisation	designate one person as a back-up with specific responsibilities for EMS	√	√	√			
biodiversity	manage the biodiversity of the corporate site	√			conduct a feasibility study to determine priorities		The pilot study is a test case to assess whether this type of study can be carried out for other sites, especially for some buildings in the Fedimmo portfolio.

Corporate Social Responsibility

GRI IDENTIFICATION TABLE FOR PARAMETERS REPORTED

	Reporting status Annual Report 2009/2010	Pages/Comments
STRATEGY AND ANALYSIS		
1.1 CEO's statement	Complete	6: Letter to the shareholders
ORGANISATIONAL PROFILE		
2.1 Name of organisation	Complete	95: Structure and Organisation
2.2 Products and/or services	Complete	26-27: Identity and Strategy 32-34: Portfolio 36: Tenants 40: Portfolio in detail
2.3 Operational structure	Complete	95: Structure and Organisation
2.4 Registered office	Complete	Back of this Annual Financial Report
2.5 Country of establishment	Complete	26-27: Identity and Strategy
2.6 Nature of capital and legal form	Complete	26-27: Identity and Strategy 54-55: Financial structure
2.7 Markets	Complete	26-27: Identity and Strategy
2.8 Size of organisation	Complete	26-27: Identity and Strategy
2.9 Significant changes in size, structure or capital over the reporting period	Complete	15-16: Key events of the fiscal year 167: Scope of reporting
2.10 Distinctions	Complete	169-170: BREEAM certification and other prizes
REPORTING PARAMETERS		
3.1 Reporting period	Complete	167: Scope of reporting
3.2 Date of latest published report	Complete	167: Scope of reporting
3.3 Reporting cycle	Complete	167: Scope of reporting
3.4 Contact person	Complete	185-186: Reporting by the GRI
3.5 Process relating to content of report	Complete	184-185: Materiality 185-186: Reporting by the GRI
3.6 Scope	Complete	167: Scope of reporting
3.7 Limits of scope of reporting	Complete	167: Scope of reporting
3.8 Reporting basis for joint ventures, etc.	Complete	167: Scope of reporting There are no material limits regarding the scope of reporting.
3.10 Reformulation	Complete	167: Scope of reporting 176-177: Scope of reporting and methodology There is no significant reformulation.
3.11 Changes in reporting method	Complete	167: Scope of reporting 176-177: Scope of reporting and methodology

	Reporting status Annual Report 2009/2010	Pages/Comments
3.12 Table indicating the location of required information in the report	Complete	194 : GRI table
GOVERNANCE, COMMITMENTS AND DIALOGUE		
4.1 Governance structure	Complete	76 : Corporate Governance
4.2 Is the Chairman of the Board of Directors also an executive member?	Complete	79 : Board of Directors of the Managing Agent, Befimmo SA 85 : Executive Officers
4.3 Independent members of the Board of Directors	Complete	79-81 : Names and status of members of the Board of Directors
4.4 Mechanisms made available to shareholders and employees to make recommendations	Complete	166 : Communication with stakeholders
4.14 List of stakeholders involved in our organisation	Complete	164-166 : Stakeholders
4.15 Basis of identification and selection of stakeholders	Complete	164-166 : Stakeholders
PERFORMANCE INDICATORS		
ECONOMIC PERFORMANCE INDICATORS		
EC1 Direct economic value	Complete	181 : Economic indicators
EC3 Coverage of unpublished benefit plan obligations	Partial	147 : Employee benefits
ENVIRONMENTAL PERFORMANCE INDICATORS		
EN1 Total consumption of raw materials	Incomplete	This indicator is relevant but is not reported at this stage. It is planned to develop it during the next fiscal years, in line with major renovations.
EN2 Recycled materials	Incomplete	This indicator is relevant but is not reported at this stage. It is planned to develop it during the next fiscal years, in line with major renovations.
EN3 Direct energy consumption	Complete	178 : Environmental indicators
EN4 Indirect energy consumption	Complete	178 : Environmental indicators
EN6 (add) Initiatives to improve energy efficiency or use of renewable energy, and reductions achieved	Partial	169-170 : BREEAM certification and other prizes 171 : Multi-annual investment planning 172 : Energy and water The reductions achieved have yet to be quantified.
EN7 (add) Initiatives to reduce indirect energy consumption and reductions achieved	Partial	169-170 : BREEAM certification and other prizes 171 : Multi-annual investment planning 172 : Energy and water
EN8 Total water consumption	Complete	179 : Environmental indicators
EN11 Land sited in protected areas	Not relevant	Befimmo's policy is to invest in office buildings in city centres.
EN15 Number of threatened species on the global IUCN Red List	Not relevant	No threatened species linked to Befimmo's activities has yet been identified.
EN16 Direct and indirect greenhouse gas	Complete	179 : Environmental indicators

Corporate Social Responsibility

	Reporting status Annual Report 2009/2010	Pages/Comments
EN18 (add) Initiatives to reduce greenhouse gas emissions	Complete	169-170: BREEAM certification and other prizes 171: Multiannual investment plan 172: Energy and water The reductions achieved have yet to be quantified.
EN19 Emissions of ozone-depleting substances	Incomplete	This indicator is relevant but is not reported at this stage. It is planned to develop it during the next fiscal years.
EN21 Total water discharge	Incomplete	This indicator is relevant but is not reported at this stage. It is planned to develop it during the next fiscal years.
EN22 Total volume of waste by type and disposal method	Partial	180: Environmental indicators
EN23 Total accidental spills	Complete	184: Incidents, penalties
EN25 Biodiversity of water supply sources significantly affected by the organisation's discharges of water	Not relevant	Waste water is discharged into public sewers.
EN27 Percentage of products sold and their packaging materials that are reclaimed	Not relevant	Befimmo does not sell any products.
EN30 (add) Total monetary value of environmental protection expenditures	Partial	171: Multi-annual investment planning A surplus of 5-10% can be released for major renovations in order to improve environmental performance.

SOCIAL PERFORMANCE INDICATORS

Labour practices and decent work

LA1 Total workforce by employment type, employment contract, and region	Partial	173-174: Social aspects 181: Social indicators
LA2 Employee turnover	Partial	173-174: Social aspects
LA3 Benefits provided to full-time employees	Partial	173-174: Social aspects 147: Employee benefits
LA7 Rates of injury, occupational diseases, lost days, and absenteeism	Complete	173-174: Social aspects
LA10 Training by employee category	Complete	173-174: Social aspects
LA11 Programs for skills management and learning	Complete	173-174: Social aspects
LA12 Employees receiving regular performance interviews and career development reviews	Complete	173-174: Social aspects
LA13 Ratio of men to women at management levels	Complete	181: Social indicators

Human rights

HR4 Incidents of discrimination	Complete	184: Incidents, penalties
HR6 Child labour	Not relevant	This aspect is not relevant to Befimmo's activities.
HR7 Forced or compulsory labour	Not relevant	This aspect is not relevant to Befimmo's activities.

	Reporting status Annual Report 2009/2010	Pages/Comments
Society		
SO7 Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Complete	184 : Incidents, penalties
SO8 Monetary value of significant penalties	Complete	184 : Incidents, penalties
Products responsibility		
PR2 Total number of incidents of non-compliance concerning health and safety impacts of services	Complete	184 : Incidents, penalties
PR7 Number of incidents of non-compliance with regulations concerning marketing communications	Complete	184 : Incidents, penalties
PR8 Number of complaints regarding breaches of customer privacy and losses of customer data	Complete	184 : Incidents, penalties

Glossary

- **Stakeholder:** stakeholders are individuals or organisations with an interest in the success or failure of a project or entity.
- **Environmental Management System (EMS):** an EMS is a framework for managing environmental performances.
- **ISO 14001:** The international environmental management standard ISO 14001 defines internationally accepted requirements for Environmental Management Systems.
- **BRE Environmental Assessment Method (BREEAM):** BREEAM is an assessment method designed to aid construction professionals in the creation of environmentally friendly buildings, both in renovation and construction.
- **International Sustainability Alliance (ISA):** the ISA is bringing together a global network of leading real-estate organisations dedicated to achieving a more sustainable real estate by creating a benchmarking association to measure the performances.
- **Global Reporting Initiative (GRI):** the Global Reporting Initiative is a network-based organisation that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide.
- **Directive 2010/31/EU on the energy performance of buildings:** a recast of the previous EU directive 2002/91/EU.
- **Green Lease:** A Green Lease integrates energy and water efficiency, emissions reduction, waste minimization and other sustainability objectives throughout the entire commercial leasing process.
- **Key Performance Indicator (KPI):** In business administration, key performance indicators are figures that are used to measure the progress that an organisation has made in the implementation of its main objectives.
- **Fedesco:** public company of energy services (ESCO), created in March 2005, at the initiative of the Federal Government. Facilitates and finances energy efficiency projects in federal public buildings. For more information, visit the website: www.fedesco.be.
- **EIRIS:** EIRIS is a leading global provider of research into corporate environmental, social and governance performance.

A more comprehensive glossary is available on Befimmo's website, www.befimmo.be, in the chapter Corporate Social Responsibility, under the heading Glossary.