

# ISS-oekom Corporate Rating

## Befimmo S.A.

Industry	Real Estate	Status	<b>Prime</b>
Country	Belgium	Rating	<b>C+</b>
ISIN	BE0003678894	Prime Threshold	<b>C</b>



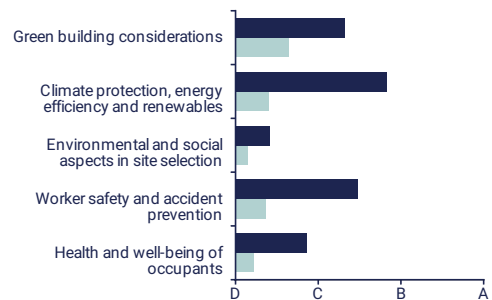
The assessment of a company's sustainability performance is based on approximately 100 criteria, selected specifically for each industry. A company's failure to disclose, or lack of transparency, regarding these matters will impact a company's rating negatively.

### Industry Leaders

Company name (in alphabetical order)	Country	Grade
Gecina	FR	B-
Unibail-Rodamco-Westfield	FR	B-
Vasakronan AB	SE	B-

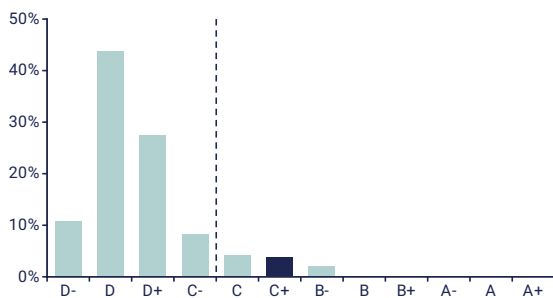
Legend: ■ Industry ■ Company --- Prime

### Key Issue Performance

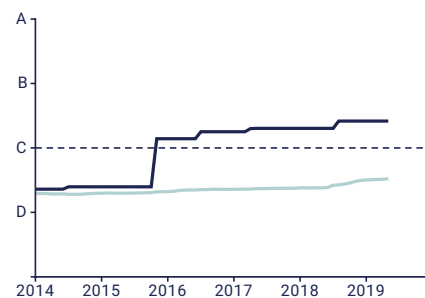


### Distribution of Ratings

343 companies in the industry

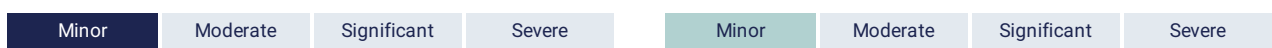


### Rating History



### Controversy Monitor

<b>Company</b>		<b>Industry</b>	
Controversy Score	0	Maximum Controversy Score	-8
Controversy Level	Minor	Controversy Risk	Minor



# Befimmo S.A.

## Analyst Opinion

Susanne Schwind-Elsner  
Sector specialist



### Sustainability Opportunities

Befimmo's property portfolio comprises office buildings, meeting centres and co-working spaces located mainly in Belgium. There are no indications of real estate projects with high social benefit such as favourable lease conditions for tenants with social focus and/or projects which contribute to social infrastructure and/or local enhancement. However, in the environmental domain, 11.8% of total floor area had active BREEAM In-Use certifications in 2017.

### Sustainability Risks

As a company active in property management and development, main sustainability risks relate to health and safety of tenants, employees and contractors, climate change, and resource efficiency. To address the social issue of health and safety, Befimmo has implemented several elements of a health and safety management system which also includes contractors to some extent. Concerning tenant and/or customer health and safety general statements on well-being, safety and asbestos monitoring are available, but a strategic approach is not demonstrated. On the environmental side, the sustainability issues of climate change and energy efficiency are addressed through a group-wide environmental management system and strategies regarding building insulation, energy efficient lighting, and heating and cooling. The companies efforts are reflected in decreasing energy and greenhouse gas emissions intensities of the portfolio over the last years. Furthermore, Befimmo has a strategy to reduce water use of its buildings, applies green procurement guidelines covering third-party certification of wood based materials and re-usability, and has implemented site waste management plans on its construction sites.

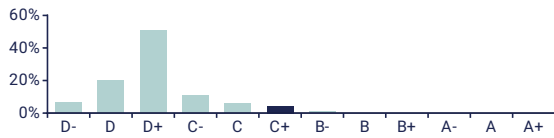
### Governance Opinion

The company's shareholder structure is dispersed, with majority of shares being held by investors pursuing an investment strategy with a long-term horizon (as at 31 July 2018). Regarding the company's governance structure, some elements to ensure effective separation of managerial and supervisory functions are implemented. While 50% of board members are independent, the chairman of the board (Alain Devos, as at March 2018) is considered not independent as he has served on the board for more than 12 years. Committees in charge of audit, remuneration and nomination are established, consisting largely of independent members. Remuneration for executive officers is disclosed for the CEO individually and for further executive officers as a whole. The compensation is sub-divided according to fixed amounts and variable performance-related components. In terms of governance of sustainability, there is no evidence of an independent sustainability committee. Concerning remuneration, sustainability performance objectives are (to some extent) included in the variable remuneration of the executive management team, yet no details are available. Finally, the company's code of ethics covers some relevant topics such as corruption, insider dealings and conflicts of interest in varying degrees of detail. In order to ensure compliance, the company refers to single procedures such as employee trainings and non-compliance reporting channels.

# Befimmo S.A.

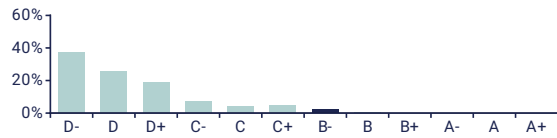
## A. Social and Governance Rating 50.0% | C+

Weight Rating



## B. Environmental Rating 50.0% | B-

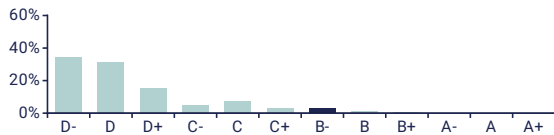
Weight Rating



### A.1. Staff and Suppliers 16.0% | B-

Weight Rating

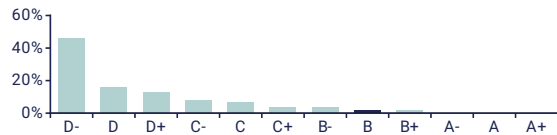
- staff
- freedom of association
- equal opportunities
- health and safety
- work-life balance
- employment security
- training and education
- suppliers



### B.1. Environmental Management 15.0% | B

Weight Rating

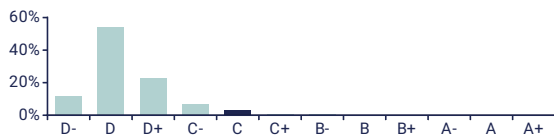
- environmental management system
- energy management
- climate change strategy
- water risk and impact
- travel and transport
- suppliers



### A.2. Society and Product Responsibility 22.0% | C

Weight Rating

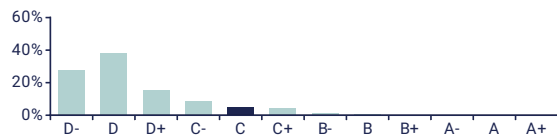
- society
- human rights
- community
- gov.relations/influence on publ.pol.
- stakeholder dialogue
- customer and product responsibility
- social impact of products and services
- social aspects along the value chain



### B.2. Products and Services 30.0% | C

Weight Rating

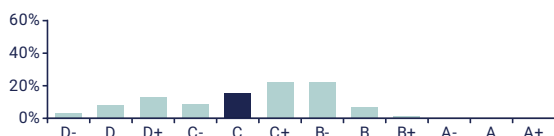
- environmental impact of products and services
- environmental aspects along the value chain
- site selection and development
- design, acquisition and operation
- construction, refurbishment, demolition
- sustainable/green building standard



### A.3. Corporate Governance and Business Ethics 12.0% | C

Weight Rating

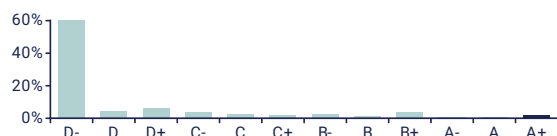
- corporate governance
- board independence
- shareholder democracy
- executive compensation
- shareholder structure
- business ethics



### B.3. Eco-efficiency 5.0% | A+

Weight Rating

- energy efficiency
- carbon intensity
- water efficiency



# Befimmo S.A.

## Controversial Business Practices

	Risk Exposure (0 no / 8 yes)	Potential Controversy	Moderate Controversy	Severe Controversy	Very Severe Controversy	Comments
<b>Human Rights Controversies</b>	<input type="radio"/>	0	0	0	0	
Company		0	0	0	0	
Supplier		0	0	0	0	
Financiers		0	0	0	0	
<b>Labour Rights Controversies</b>	<input type="radio"/>	0	0	0	0	
Company: Freedom of association		0	0	0	0	
Company: Forced labour		0	0	0	0	
Company: Child labour		0	0	0	0	
Company: Discrimination		0	0	0	0	
Company: Other areas		0	0	0	0	
Supplier: Freedom of association		0	0	0	0	
Supplier: Forced labour		0	0	0	0	
Supplier: Child labour		0	0	0	0	
Supplier: Discrimination		0	0	0	0	
Supplier: Other areas		0	0	0	0	

# Befimmo S.A.

## Controversial Business Practices

	Risk Exposure (0 no / 8 yes)	Potential Controversy	Moderate Controversy	Severe Controversy	Very Severe Controversy	Comments
<b>Controversial Environmental Practices</b>	0	0	0	0	0	
Company	0	0	0	0	0	
Supplier	0	0	0	0	0	
Financier	0	0	0	0	0	
<b>Business Malpractice</b>	0	0	0	0	0	
Company: Corruption	0	0	0	0	0	
Company: Financial accounting	0	0	0	0	0	
Company: Competition	0	0	0	0	0	
Company: Taxes	0	0	0	0	0	
Company: Money transfers	0	0	0	0	0	
Company: Other/Miscellaneous	0	0	0	0	0	

# Befimmo S.A.

## Controversial Business Areas

	Risk Exposure ( <input type="radio"/> no / <input checked="" type="radio"/> yes)	Net Sales: $\geq$ 0%	Net Sales: $\geq$ 5%	Net Sales: $\geq$ 10%	Other Categories	Comments
<b>Alcohol</b>	<input type="radio"/>	no	no	no		
Producer: Beer/Wine		-	-	-		
Producer: High-proof beverages/Foodstuffs		-	-	-		
Trader: Beer/Wine		-	-	-		
Trader: High-proof beverages/Foodstuffs		-	-	-		
<b>Animal Testing</b>	<input type="radio"/>				no	
Tests beyond legal requirements					-	
Tests within and/or beyond legal requirements					-	
<b>Chlorinated Hydrocarbons</b>	<input type="radio"/>	no	no	no		
Producer		-	-	-		
<b>Embryonic Research</b>	<input type="radio"/>				no	
Specialised companies					-	
Marginally involved companies					-	
<b>Fossil Fuels</b>	<input type="radio"/>	no	no	no		
Total coal-related activities		-	-	-		
Total oil-related activities		-	-	-		
Total natural gas-related activities		-	-	-		
Hydraulic fracturing		-	-	-		
Oil sands		-	-	-		

# Befimmo S.A.

## Controversial Business Areas

	Risk Exposure ( <input type="radio"/> no / <input checked="" type="radio"/> yes)	Net Sales: ≥ 0%	Net Sales: ≥ 5%	Net Sales: ≥ 10%	Other Categories	Comments
<b>Furs</b>	<input type="radio"/>	no	no	no		
Producer		-	-	-		
Trader		-	-	-		
<b>Gambling</b>	<input type="radio"/>	no	no	no		
Particularly controversial forms of gambling		-	-	-		
Other forms of gambling		-	-	-		
<b>GMOs</b>	<input type="radio"/>	no	no	no		
Producer		-	-	-		
User		-	-	-		
Trader		-	-	-		
<b>Military</b>	<input type="radio"/>	no	no	no		
Producer: Weapons (systems) – non-banned		-	-	-		
Producer: Weapons (systems) – banned		-	-	-		
Producer: Other armaments		-	-	-		
Trader: Weapons (systems) – non-banned		-	-	-		
Trader: Weapons (systems) – banned		-	-	-		
Trader: Other armaments		-	-	-		

# Befimmo S.A.

## Controversial Business Areas

	Risk Exposure ( <input type="radio"/> no / <input checked="" type="radio"/> yes)	Net Sales: ≥ 0%	Net Sales: ≥ 5%	Net Sales: ≥ 10%	Other Categories	Comments
<b>Nuclear Power</b>	<input type="radio"/>	no	no	no		
Producer: Nuclear power		-	-	-		
Producer: Uranium		-	-	-		
Producer: Key components for nuclear power stations		-	-	-		
Trader: Nuclear power		-	-	-		
Trader: Uranium		-	-	-		
Trader: Key components for nuclear power stations		-	-	-		
<b>Pesticides</b>	<input type="radio"/>	no	no	no		
Producer		-	-	-		
<b>Pomography</b>	<input type="radio"/>	no	no	no		
Producer		-	-	-		
Trader		-	-	-		
<b>Tobacco</b>	<input type="radio"/>	no	no	no		
Producer: End products		-	-	-		
Producer: Components/Accessories		-	-	-		
Trader: End products		-	-	-		
Trader: Components/Accessories		-	-	-		



# Befimmo S.A.

## Additional Company Information

### Company Profile

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Befimmo, a Regulated Real-estate Investment Trust (BE-REIT), listed on Euronext Brussels, is a real-estate operator specialising in office buildings, meeting centres and coworking spaces. These Befimmo environments are located in Brussels, the other Belgian cities and the Grand-Duchy of Luxembourg. As a company that is human, a corporate citizen, and responsible, Befimmo offers its occupants contemporary office spaces and related services in buildings that are sustainable in terms of architecture, location and respect for the environment. By creating such added value for its users, Befimmo also creates value for its shareholders. At 31 December 2018, the fair value of its portfolio was €2.6 billion.

### Major Shareholders

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Holder	Owned %	Investor Type	Country
AXA Investment Managers S.A.	10.71744	Traditional Investment Manager	France
AG Real Estate SA	10.35036	Private Company	Belgium
BlackRock, Inc.	3.31203	Traditional Investment Manager	United States
The Vanguard Group, Inc.	2.57391	Traditional Investment Manager	United States
Norges Bank Investment Management	2.49893	Government Pension Plan Sponsor	Norway
Dimensional Fund Advisors L.P.	1.95714	Traditional Investment Manager	United States
BNPP Asset Management Holding	1.00192	Traditional Investment Manager	France
NN Investment Partners International Holdings B.V.	0.88213	Traditional Investment Manager	Netherlands
Syquant Capital SAS	0.55922	Hedge Fund Manager/CTA	France
KBC Asset Management NV	0.53812	Traditional Investment Manager	Belgium

As at: 2019-05-06

### Ownership Summary

Type	Common Stock Equivalent held	% of total shares outstanding
Public and Other	15822950	61.86
Institutions	7107415	27.79
Corporations (Private)	2647540	10.35
Individuals/Insiders	1309	0.01
Total	25579214	101

As at: 2019-05-06

# Befimmo S.A.

## Methodology - Overview

**ISS-oekom Corporate Rating** - The ISS-oekom Universe comprises more than 3,900 companies (mostly companies in important national and international indices, but also small and mid caps drawn from sectors with direct links to sustainability as well as significant non-listed bond issuers).

The assessment of a company's social & governance and environmental performance is based on approximately 100 environmental, social and governance criteria, selected specifically for each industry. All criteria are individually weighted and evaluated and the results are aggregated to yield an overall score (rating), in which the key issues account for at least 50 per cent of the total weight. In case there is no relevant or up-to-date company information available on a certain criterion and no assumptions can be made based on predefined standards and expertise, e.g. known and already classified country standards, the criterion is graded with a D-.

In order to obtain a comprehensive and balanced picture of each company, our analysts assess relevant information reported or directly provided by the company itself as well as information from independent sources. In addition, our analysts actively seek a dialogue with the assessed companies during the rating process and companies are regularly given the opportunity to comment on the results and provide additional information.

An external rating committee assists the analysts at ISS-oekom with the content-related design of industry-specific criteria and carries out a final plausibility check of the rating results at the end of the rating process.

**Analyst Opinion** - Qualitative summary and explanation of the central rating results in three dimensions:

- (1) Opportunities - assessment of the quality and the current and future share of sales of a company's products and services, which positively or negatively contribute to the management of principal sustainability challenges.
- (2) Risks - summary assessment of how proactively and successfully the company addresses specific sustainability challenges found in its business activity and value chain, thus reducing its individual risks, in particular regarding its sector's key issues.
- (3) Governance - overview of the company's governance structures and measures as well as of the quality and efficacy of policies regarding its ethical business conduct.

**Controversial Business Practices and Areas** - In addition to the rating, ISS-oekom undertakes a comprehensive analysis of relevant controversies with respect to numerous business practices and areas for each company. Thereby, our clients have the possibility to consider, either separately or in addition to the rating, the behaviour and the activities of a company in areas they view as especially critical.

With regard to business practices, each controversial case is examined and categorised based on whether it can be clearly attributed to the company. Additionally, the extent of the company's responsibility and the severity of the case are assessed. For the classification of the severity of the misconduct, the concrete negative effects are systematically evaluated. In addition, it is considered whether, to what extent and with what success the company has taken steps to mitigate the impact, to compensate it and to prevent similar incidents from occurring in the future.

To account for the varying levels of severity of the controversies, these are classified into the following three categories: moderate controversies, severe controversies and very severe controversies. Additionally, potential controversies are presented. These constitute issues which could be reclassified into one of the three controversy categories in case new information is reported. The classification follows a clear and uniform methodology for which ISS-oekom has defined specific evaluation parameters and their possible manifestations along a scale, based on international norms and standards and its own understanding of sustainability.

In the Business Practices section, the number of relevant and active cases is displayed in the respective cells. For each criterion, the sum of all corresponding cases for each sub-category is shown in the first line. In the Business Areas section, the activity is marked "x" and summarised as "yes" or "no". The percentage thresholds in the column headers generally refer to the Net Sales of the assessed company. As Net Sales are not an adequate reference value for all companies, these thresholds can refer to other values in individual cases (e.g. for different financial service providers).

Current cases are summarised in the "Comments" field. Irrespective of active cases, criteria marked as "Risk Exposure" indicate the company's risk exposure to controversies based on its business activities.

For the assessment of cases only those sources that have been classified by ISS-oekom as reliable are used. In addition to proven misconduct or activities of companies, alleged misconduct or activities are also assessed when the facts and circumstantial evidence provided by those sources, taking into account the experience of specialised analysts for each topic, is estimated to be sufficiently reliable. This applies not only to alleged practices, but also to the alleged serious negative effects of such practices.

# Befimmo S.A.

## Methodology - Overview

**Controversy Monitor** - The Controversy Monitor is a tool for assessing and managing reputational and financial risks associated with companies' negative environmental and social impacts.

The controversy score is a unit of measurement for the number and severity of a company's current controversies. All controversial business areas and business practices receive a negative score, which can vary depending on the significance, number and severity of the controversies. Both the company's score and the maximum score obtained in the industry are displayed.

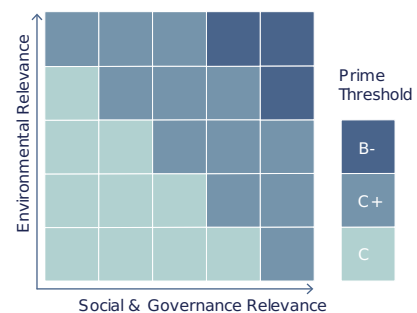
For better classification, the scores are assigned different levels: minor, moderate, significant and severe. The industry level relates to the average controversy score.

Only controversies for which reliable information from trustworthy sources is available are recorded. In addition to proven misconduct and activities of companies, alleged misconduct and activities are also assessed when the facts and circumstantial evidence provided by those sources, taking into account the experience of specialised analysts for each topic, is estimated to be sufficiently reliable. It should be noted that large international companies are more often the focus of public and media attention. Thus, the information available on those companies is often more comprehensive than for less prominent companies.

**Distribution of Ratings** - Overview of the distribution of the ratings of all companies from the respective industry that are included in the ISS-oekom Universe (company portrayed in this report: dark blue).

**Industry Classification** - The social and environmental impacts of industries differ. Therefore, based on its relevance, each industry analysed is classified in a Sustainability Matrix.

Depending on this classification, the two dimensions of the ISS-oekom Corporate Rating, the Social Rating and the Environmental Rating, are weighted and the sector-specific minimum requirements for the ISS-oekom Prime Status (Prime threshold) are defined (absolute best-in-class approach).



**Industry Leaders** - List (in alphabetical order) of the top three companies in an industry from the ISS-oekom Universe at the time of generation of this report.

**Key Issue Performance** - Overview of the company's performance with regard to the key social and environmental issues in the industry, compared to the industry average.

**Major Shareholders & Ownership Summary** - Overview of the company's major shareholders at the time of generation of this report. All data as well as the categorisation system for the investor types is based on information from S&P Capital IQ.

**Rating History** - Development of the company's rating over time and comparison to the average rating in the industry.

**Rating Scale** - Companies are rated on a twelve-point scale from A+ to D-:

A+: the company shows excellent performance.

D-: the company shows poor performance (or fails to demonstrate any commitment to appropriately address the topic).

Overview of the range of scores achieved in the industry (light blue) and indication of the grade of the company evaluated in this report (dark blue).

**Sources of Information** - A selection of sources used for this report is illustrated in the annex.

**Status & Prime Threshold** - Companies are categorised as Prime if they achieve/exceed the minimum sustainability performance requirements (Prime threshold) defined by ISS-oekom for a specific industry (absolute best-in-class approach) in the ISS-oekom Corporate Rating. Prime companies rank among the sustainability leaders in that industry.

# Befimmo S.A.

## Annex

### Information Sources – Company Sources

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Publicly available company documentation, such as annual reports, social and environmental reports and sustainability reports, as well as company web pages. In addition, internal documents or other company information (e.g. obtained through interviews with company representatives), if provided.

### Information Sources – External Sources (examples only)

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Amnesty International	International Labor Organization (ILO)
Asahi Shimbun	International Rivers
BBC	International Trade Union Confederation (ITUC)
Business & Human Rights Resource Centre	Organisation for Economic Co-operation and Development (OECD)
CDP Responses	Oxfam
Centre for Research on Multinational Corporations (SOMO)	Responsible Investor
China Labour Watch	Reuters
Competition Authorities (e.g. US Federal Trade Commission)	S&P Capital IQ
CorpWatch	Taipei Times
Electoral Commissions (e.g. UK Electoral Commission)	The Economist
Environmental Agencies (e.g. European Environment Agency)	The Guardian
European Restructuring Monitor	The Washington Post
European Union institutions (e.g. European Commission)	Transparency International
Fair Labor Association	UN Global Compact
Financial Times	United Nations Environment Programme
Freedom House	US Department of Justice
Friends of the Earth	US Equal Employment Opportunity Commission
Green Building Councils	US Securities and Exchange Commission
Greenpeace	Wall Street Journal
Handelsblatt	World Health Organization
Human Rights Watch	World Wildlife Fund (WWF)
IndustriALL Global Union	
Institute for Global Labour and Human Rights	

### Participation in Rating Process

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The rating report based on publicly available company documentation and external sources such as NGOs, authorities, trade unions and the media was submitted to the company for consideration and feedback. The company actively participated in the rating process and provided additional information.

### Contact ISS-oekom

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