

ESG report



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Committed for almost 15 years to a global ESG strategy

Since February 2023, Cofinimmo is part of the Top SBTi 1.5° ESG Bond Issuers and was also included in the new Euronext Bel ESG.

Cofinimmo's 30³ project confirms its commitment to ESG and its alignment with the worldwide objective of limiting global warming.



▶ Jacques van Rijckevorsel, Chairman of the Board of Directors
▶ Jean-Pierre Hanin, Chief Executive Officer

Dear stakeholders,

Cofinimmo, a major player in European real estate, has been committed to a global ESG strategy for almost 15 years. It is actively involved in the Paris Agreement launched at COP21 and reconfirmed in 2022 at COP27. The group believes that it is possible to aim for a carbon-neutral society by 2050 while serving the interests of all its stakeholders.

Cofinimmo's 30³ project fits perfectly with this view. The project aims to reduce the final energy intensity of the portfolio by 30% to 130 kWh/m² by 2030 and is a priority for 2021 and beyond. It is complemented by relevant ESG topics in healthcare real estate given the company's earlier progress in this area. The 30³ targets take 2017 as their baseline and have been established using the science-based targets methodology, through which the group can objectivise efforts to be made to contribute to the global objective of limiting global warming. The energy intensity of the portfolio has fallen from 190 kWh/m² in 2017 to 158 kWh/m² in 2022 (vs. 163 kWh/m² in 2020 and 165 kWh/m² in 2021), i.e. a total reduction of 17% compared to 2017, well on track to achieve the reduction target by 2030.

In 2020, Cofinimmo joined the Belgian Alliance for Climate Action (BACA), a platform open to Belgian organisations that want to reduce their GHG emissions and increase their climate ambitions using the Science-Based Targets initiative.

In order to achieve the objectives set at COP21 and those related to the maximum 1.5-degree scenario, Cofinimmo has launched its first in-depth and structured analysis of physical and transitional risks. This will make it possible to define the level of risk exposure for individual assets and put in place an action plan covering the whole portfolio that complies with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). More information of Cofinimmo's ESG strategy, including the results of the exposure analysis to climate risks, is available on page 24.

For almost 15 years, Cofinimmo has used an environmental management system, certified ISO 14001:2015, that covers the life cycle of its assets. This certification is renewed every three years and ensures that the company manages the environmental aspects of its activities, including its compliance with the applicable environmental regulations, in a structured manner.

In order to meet the demand of transparency coming from its stakeholders, the group has been proactive in the area of ESG, for example by participating in benchmark assessments and by completing questionnaires that provide primary and objective data to stakeholders. Throughout 2022, Cofinimmo further improved its ESG performance with the renewal of several labels and obtained several new BREEAM certifications for healthcare properties, including the first two in Germany. In addition, Cofinimmo has distinguished itself by obtaining the Sustainable Growth Award 2021 awarded in January 2022 by Euronext Brussels, rewarding the company with the strongest sustainable growth

over the last decade. More recently, Cofinimmo was selected to be one of the 'Top SBTi 1.5° ESG Bond Issuers' and was included in the new Euronext Bel ESG Index.

Cofinimmo pays particular attention to the alignment between its financial strategy and its ESG objectives. In January 2022, the company successfully issued a new benchmark-sized public sustainable bond for an aggregate nominal amount of 500 million EUR. This was identical to the November 2020 bond. The proceeds will be used entirely for asset (re)financing, in line with the May 2020 sustainable financing framework. This operation has further strengthened the balance sheet and consolidated Cofinimmo's reputation in international capital markets.

Cofinimmo would like to thank all of its employees for contributing to its People, Planet and Profit management approach. The Sustainable Growth Award is a fantastic achievement that motivates the company and its staff to continue their efforts to construct a more sustainable environment.

'We support the United Nations Global Compact and are committed to continuously renew our commitment to this initiative.'



COMMUNICATION ON PROGRESS

This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

Major trends and their impacts on the ESG strategy

Cofinimmo's strategy prepares for tomorrow's world by anticipating and responding to major societal trends. The United Nations' 17 Sustainable Development Goals (SDGs) are one of the major developments which Cofinimmo takes into account.

After two years of COVID-19 coronavirus pandemic, during which European governments collaborated to ensure a recovery plan for all, the European economy is now facing the terrible crisis caused by the conflict between Ukraine and Russia, which started in February 2022. This conflict has led to a major energy crisis, particularly due to of the EU's dependence on natural gas supplies. This event happened in an already overall rising inflation environment. Today even more than in the past, it is clear how important it is to work towards the transition to clean energies for all EU citizenships and even more for the European building stock and real estate sector. Cofinimmo positions itself as a driver for change in dealing with the challenges facing the built environment, such as climate change, sustainable water management, ageing population, increased urbanisation, and changing technologies and working practices.

First the pandemic and then the armed conflict have highlighted some of the opportunities that have arisen from new trends in sustainability, such as a stronger approach to clean renewable energy and circular usage of resources. For almost 15 years, Cofinimmo has been constructing more efficient buildings and managing them in a more cost-effective manner so as to meet tighter regulations on energy performance.

Convinced that science-based climate action is the most effective way to achieve its objectives, Cofinimmo confirmed its commitment to ESG in 2020 by validating the objectives of its 30³ project through the Science-Based Targets initiative (SBTi) and by joining the Belgian Alliance for Climate Action (BACA).

Cofinimmo's commitments include the company's emissions reduction targets, its commitment to transparent environmental reporting, and the 1.5-degree scenario analysis that forms part of the company's overall strategy.

Cofinimmo's commitment to ESG does not stop there. It is demonstrated in the materiality analyses (developed for the first time in 2014) conducted according to the Global Reporting Initiative (GRI) guidelines, which have been reviewed and refined yearly.

The 2021 review made it possible to remove realised topics as priorities. Although the company's 30³ project remains the focus,

it is supported by topics relevant to the healthcare real estate segment based on past trajectories. For example, sustainable water management, taking into account water circularity, and focusing on people, aligns with the ESG priorities of relevance in the healthcare sector.

In 2022, Cofinimmo continued its dialogue with stakeholders to ensure the highest level of transparency in its activities and objectives in terms of energy consumption reduction and resilience to climate change, including the path towards carbon neutrality.

Support of both the board of directors and the executive committee is therefore essential to transform the company's ESG ambitions into concrete projects. As a result of its dialogue with investors, Cofinimmo has reinforced its proactive approach to ESG benchmarks and questionnaires, which are primary and objective data sources for investors. For greater transparency, as stipulated in the Task Force on Climate-related Financial Disclosures' (TCFD) recommendations, Cofinimmo renewed its participation in the Carbon Disclosure Project in 2022. The results are publicly available and describe in detail the identified risks and opportunities associated with climate change.

In addition, scaling up the effort to monitor and manage the risks and impacts related to climate change, Cofinimmo is collaborating with MSCI in order to analyse the risk exposure of its portfolio based on a scenario analysis that is in line with the recommendations provided by the TCFD. This will allow Cofinimmo to also define required action points on building resilience for its assets and positively contribute to the mitigation of climate risks.

The materiality analysis, shown on the infographics opposite, consists of three circles, each representing one pillar. The topics appearing in each of the circles represent a sustainability challenge for the company. Their position in the circle reflects their importance, which is determined not only by the way the topic they represent is perceived by stakeholders, but also by the impact this same factor could have in the long term, as estimated internally by Cofinimmo.

Materiality analysis

The challenges included in the company's materiality analysis reflect the importance of these trends for both Cofinimmo and its stakeholders



The area delineated by the inner circle contains the six priority areas for action out of the 15 areas identified internally. The most significant ESG risks are described in the risk factors (see page 9). The other topics in the materiality analysis are not considered to be a priority and lie outside of the circle. This does not reflect disinterest, but can be explained by the fact that the topics are subject to strict legislation that requires companies to address them, irrespective of the perception of their importance within the company, or the fact that the topics have gained maturity within green business process management. For example, Cofinimmo is pursuing its mobility policies and strategy but considers that the maturity of this topic allows it to take lower priority as compared to other subjects.

Details of the actions carried out in 2022 and future objectives are listed in a dashboard (see pages 342-345). The links between Cofinimmo's priorities and the SDGs are listed in a cross-reference table (see pages 346-347).

Climate change

Climate change represents a long-term risk. The sixth assessment report (AR6) of the IPCC states that it is now unequivocal that human influence has played a role in warming the global Earth's climate since above pre-industrial levels (Source: AR6 Climate Change 2021: The Physical Science Basis). Even if the impact of war slightly shifted priorities for businesses, environmental preservation and the challenge of climate change still list in the top three concerns of around 76 % of the real estate

industry leaders. (Source: Emerging Trends in Real Estate®, Climate Change, Europe 2023, PWC & Urban Land Institute). Following up on the targets of the Paris Agreement at COP21 and reiterated last year at COP26, COP27 aims at substantiating actions towards climate empowerment and climate change resilience at global level. It also confirmed that richer nations should fund the loss and damages incurred by developing countries. This is considered a major challenge but also an opportunity for the real estate sector. Climate change currently has, and will continue to have, an impact on the level of capital available for investing, operating costs, and the speed of obsolescence of real estate assets.

Cofinimmo's rationale for adopting science-based climate action and joining BACA is based on three fundamental messages:

- businesses need to take more ambitious climate action now;
- only by working hand-in-hand with all stakeholders can we lead the transition to a net zero emission economy;
- science-based climate action is the most effective way to achieve the targets set.

Through the 30° project, which aims to reduce the energy intensity of Cofinimmo's portfolio by 30 % by 2030, the group intends to take up this challenge and thus maintain the value of its assets by complying with the Paris Agreement. This project is the key to achieving the objectives validated by the Science-Based Targets initiative.

Sustainable water management

Water is the most valuable resource on Earth, supporting the existence of whole ecosystems, including human life and activity. Although not limited in focus to water consumption, the effects of climate change are demanding a re-think of strategy for sustainable water management that focusses on all the factors that make water such a complex and vital element for the sustainability of life.

The past year has been increasingly challenging for chronic water risk such as drought, spread all over Europe, creating an important threat for the economic system in countries such as France and Italy. Severe drought happening during the summer of 2022 has put at threat the ecosystems of large areas in Europe and the agricultural production system.

For many years United Nations agencies and projects such as FAO and the UN Global Compact (CEO Water Mandate) promote accurate information on water scarcity and water stewardship in order to ensure water security in different regions of the planet that are uniquely experiencing water distress.

The real estate sector will be challenged by the dramatic effects of water distress, but it is part of the solution and needs to take a proactive approach on the issue. This can be represented by the 3Rs applied to water management, namely reduce, reuse, recycle in order to promote water conservation.



► Javier Zaragueta - Legal Counsel ► Trône/Troon 100 - Brussels CBD (BE)

From the risk of extreme events, such as floods or drought, real estate can first protect the environment and its assets by collecting data on water consumption and conducting analysis on ordinary and extra-ordinary consumption, then act when required. In addition to improving data metering, concrete action involves placing buildings themselves at the centre of the solution. From permeable pavements to bioswales to green roofs, green infrastructure is one of the tools for safeguarding resources such as water.

Population ageing

Acceleration in population ageing has an impact on current social models. This includes the increasing retirement age, the organisation of healthcare delivery, etc.

The growing healthcare real estate segment has to meet the expectations of an ever-increasing part of the population. This means, providing healthcare buildings that are more accommodating of the degree of individual autonomy, combined with suitable housing.

But what are the population projections for the EU-27? Between 2020 and 2080, the share of population of those working age is expected to decline steadily until 2060 before stabilising somewhat, while seniors will likely account for an increasing share of the total population. Those aged 65 years or over accounted for 20.6% in 2020. This percentage is expected to increase to 30.8% of the EU-27's population by 2080. As a result of the population shift between age groups, the elderly dependency ratio in the EU-27 is projected to almost double, going from 32.0% in 2020 to 60.9% by 2080. The total age-related dependency ratio is projected to rise from 55.5% in 2020 to 80.8% by 2080 (source: Eurostat, January 2022 data).

This trend is reflected in Cofinimmo's core strategy, which, through its healthcare real estate segment, aims to meet the needs of society, specifically: offering housing to seniors, whether ill, disabled or in rehabilitation; creating mixed neighbourhoods where each function co-exists in harmony; promoting the accessibility of buildings to people with reduced mobility; and developing safe buildings where it is pleasant to live.

Growing urbanisation and space affordability

According to the most recent studies of the European Commission - Joint Research Centre (JRC) on the future of European cities which applies a global people-based definition of cities and settlements in the form of urban functional area (UFA), the process called growing urbanisation is in fact already happening, with 75% of the global population currently living in urban areas. Moreover, JRC projections to 2030 show that most major European cities will experience urban population growth as part of a continuous process of urbanisation.

Urbanisation represents a major challenge in terms of integrating populations of different origins, providing food and shelter for all, but also in terms of mobility, pollution management, connectivity, etc. Inflation in general and rising energy prices in particular

are raising concerns about the affordability of rentable spaces. According to a recent study, landlords, but also developers and investors, are increasingly concerned about the impact of rising inflation on tenants (Source: Emerging Trends in Real Estate®, Climate Change, Europe 2023, PWC & Urban Land Institute).

When discussing these social aspects, the provision of community spaces has been a top priority during 2022.

This phenomenon has an impact on the way real estate is perceived. One of the consequences is, for example, the progressive decrease in the average housing size.

With an increased focus on health and safety, the COVID-19 coronavirus increased the need for lower density and more spacious environments, which will accelerate the growth of suburbs.

Accessibility for all

In the context of an increasing urban population, pollution, and the fight against GHG emissions, mobility is beginning to be rethought.

Cities such as Paris, Brussels, Antwerp, and Gent are starting to restrict the most high-emission vehicles. Public transport companies are moving to electric vehicles. Initiatives are being taken to promote micro-transport such as sharing less-polluting bicycles, electric mopeds, or scooters. Transportation is intended to be multimodal, flexible, and scalable according to actual travel needs. Aware of this challenge, Cofinimmo is expanding its transportation initiatives by testing shared vehicle solutions and by setting up infrastructures for cyclists in its buildings.

The trend is also impacting real estate. The number of authorised parking spaces is decreasing in order to push overstaying vehicles out of the cities. More and more charging stations for electric vehicles are being installed. The number of bicycle racks is increasing. From a circular point of view, parking areas are built in such a way that they can eventually be reassigned to another use. Larger drop-off areas are provided for taxi services or parcel delivery vans.

With accessibility being linked to transport, the importance of the geographical location of assets becomes a real social challenge. In the case of healthcare, nursing and care homes are occupied by senior citizens who might feel excluded from society, due to their age and their physical distance from decision-making infrastructures. Ensuring accessibility to assets allows occupants to mix with the outside population, which in turn will help minimise their feelings of exclusion.

The sharing economy

Society's increasing awareness of the importance of limiting carbon footprint, as well as the search for a more efficient and reasoned use of physical and financial resources, has led a growing number of individuals and companies to embrace the principles of the sharing economy. Actors become product users rather than product owners, or, in the case of real estate, sole tenants. In addition, this approach provides users access to flexible solutions which are more in line with their rapidly changing needs, and it avoids certain investment costs.

Many sharing applications already directly or indirectly impact the office real estate segment: shared meeting rooms in buildings and business parks, co-working areas, etc. Continuing the trend started in 2021, in 2022 most companies have continued applying teleworking systems, formalizing the trend towards flexible working models in well-structured and agreed policies between the company and its employees. In addition to more flexible organisation of working hours, some companies will also reduce their footprint in order to cut costs. However, office tenants are still seeking to expand space for new forms of collaboration and interaction, while respecting coronavirus sanitary measures.

The sharing economy also affects residential real estate. Housing with more communal areas is being built, sometimes for a very targeted group of users, like Generation Y, but also for seniors in the form of assisted-living units.

Well aware of this issue, Cofinimmo is innovating by creating shared spaces in office buildings such as Lounge® shared meeting rooms or Flex Corner®.

The circular economy

Natural resources are limited. As a result of NGO lobbying, circular economy initiatives are being promoted and even subsidised by the European Commission, as well as among certain countries, regions, and cities in Europe. This is to limit waste and increase the rate at which materials are reused.

Aware of its impact during (re)development works, Cofinimmo seeks to select sustainable materials that can be easily recycled or, preferably, reused. Life cycle analysis is a powerful tool to understand the impacts that the construction and operation of buildings has on the environment in terms of embodied carbon, operating carbon and depletion of resources. This approach helps understand how it is possible to implement a beneficial circle that re-uses and recycles the materials generated at a building's end of life so that only a minimum of initial resources ends up being waste. When buildings are demolished, the waste is thus strictly separated. This is also the case in office buildings in operation, where every effort is made to promote sorting, and when possible, even going beyond legal requirements.

Health and safety

In the countries where Cofinimmo is active, there is a gradual decrease in the proportion of working people due to population ageing, and lower birth rates. This phenomenon is expected to accelerate by 2030. This situation is gradually leading to a fight for talent in which the winning company will be the one in a position to provide its employees with work-life balance, a degree of physical and mental well-being and, above all, meaningful work.

In this context, Cofinimmo seeks to provide for the safety and wellbeing of its clients in all its buildings. Innovative infrastructure is therefore made available through its partners. In particular, they comprise of concierge-type services much like those found in the hotel industry. This includes, for example, leisure and relaxation areas, fitness centres, and personal services such as dry cleaning, ironing, shopping home delivery, car wash, etc.

New types of certification are supplementing existing environmental certifications (BREEAM, LEED, HQE, etc.). They assess buildings according to their ability to meet human needs: access to quality air and water, daylight, healthy food, contact with nature, etc.

As a result of the pandemic, health and well-being has become more important factors in all areas of real estate. The industry has already started implementing structural improvement to meet higher standards in terms of cleanliness and safety for tenants and for customers to feel safe enough to return to office buildings and pubs/restaurants. This focus on personal security will lead to new services and technologies, which will enable the development of cleaner buildings, improved ventilation systems, sensors, contactless entry, and contact tracing applications.

Every effort is made to ensure a healthy and pleasant environment, and thus ensure occupants' mental and physical well-being.

Digital transformation

In the medium term, the health and economic crisis will accelerate the inevitable digital transformation of the construction and real estate sectors. More than ever, the survival of construction and real estate companies will depend on their ability to adapt, which will include the adoption of new technologies. The Internet of Things, augmented reality, artificial intelligence, and digitalisation are all promising avenues that demonstrate the extent of the impact of evolving technology in the real estate sector. Today, technology makes it possible to go beyond the automation of repetitive tasks and provides support for more complex intellectual processes, customer relations, equipment maintenance, the management of breakdowns and energy management.

Cofinimmo integrates these new technologies when renovating its buildings. The aim is to manage energy more efficiently, and in doing so, reduce GHG emissions.

Generalised telework is seen as the ultimate test of the digital transformation in the workplace. Teleworking policies implemented in companies which have invested in digital capabilities have proven very popular among employees.

Since September 2021, Cofinimmo has implemented a booking system which uses the Proxyclick platform to book the presence of its employees in the office. This has helped employees come back to the office in a safe environment, which complies with current Belgian regulations to prevent the spread of COVID-19.

Evolving technology in healthcare

Technology is fuelling a gradual shift from curative to preventive medicine. The Internet of Medical Things (IoMT) is enabling a new approach to healthcare management, giving doctors a more dynamic view of their patients' health and, if necessary, adjusting treatment more quickly according to their condition. These sensors can even trigger a call to emergency services in the event of serious anomalies in a patient's metrics. All these possibilities have an impact on healthcare infrastructure, as hospital stays are now shorter.

Other technologies, such as telehealth and electronic medical records (EMRs), are leading towards higher flexibility of space in healthcare facilities. While not intended to replace in-person visits, telehealth is redefining the doctor-patient relationship and the medical office space, allowing patients to access treatments from their connected devices, and doctors to rethink their medical practices.

The EMR system will also help redefine healthcare spaces. With all records being digital, EMR reduces the amount of space needed to keep medical records, freeing up considerable space that could be used for alternate purposes, such as storage units for medical devices, or additional space to create more rooms for patients.

Other types of healthcare real estate properties are being developed to meet the needs of the ageing population, which nevertheless remains very independent: rehabilitation centres, day centres, etc. This new generation of senior citizens wants to stay in their own homes as long as possible, and the technical evolution in healthcare will make this possible. However, it will require flexible housing design that can evolve according to a person's stage in life.



Life cycle management at the heart of the value chain

Financing, expertise, life-cycle analysis and sustainable materials management that have a positive impact on customer relations over the long term.

Financing

Cofinimmo's mission is to provide shareholders with the opportunity to make long-term, socially responsible, and low risk investments that generate recurring, predictable, and growing income streams that fuel dividends as well as returns to the community. It must also maintain ready access to financing sources that are sufficiently diversified and at the lowest possible cost to reduce refinancing risks at debt maturity and to ensure the company's viability.

In May 2020, Cofinimmo reviewed its sustainable financing framework to incorporate the latest trends in the financing of sustainable assets. The list of assets selected for each financing operation is available in section 'Report on the indicators for the green & social portfolio' of this document.

Skills

To implement projects with a positive environmental impact, whether it be the extension of a nursing and care home or the conversion of an office building, Cofinimmo applies an ISO 14001:2015-certified environmental management system that covers the life cycle of its portfolio (including its head office).

ISO 14001 certification of Cofinimmo's environmental management system was renewed for the fourth consecutive time on 30.07.2020, and the compliance of Cofinimmo's environmental management system with ISO 14001 was reaffirmed through a follow-up audit in July 2022. This certification was granted for the first time in 2008 and has been consistently renewed since. It ensures not only that the Cofinimmo group has an environmental management system in place, but also that the environmental aspects of its activities, including its compliance with the applicable environmental regulations, are managed in a systematic manner.

The levers applied at the different stages of the assets' life cycle vary by business segment (see table below).

	Healthcare real estate	Distribution networks, PPP	Offices
Acquisition	●●●	●	●●●
Design	●●	●●	●●●
Construction	●●	●●	●●●
Commercial management	●	●	●●●
Property management	●	●	●●●
Development	●●	●	●●●

Cofinimmo's influence: ● low ●● medium ●●● high

Cofinimmo's influence is described in detail and by segment in the management report (see pages 42, 69 and 77).

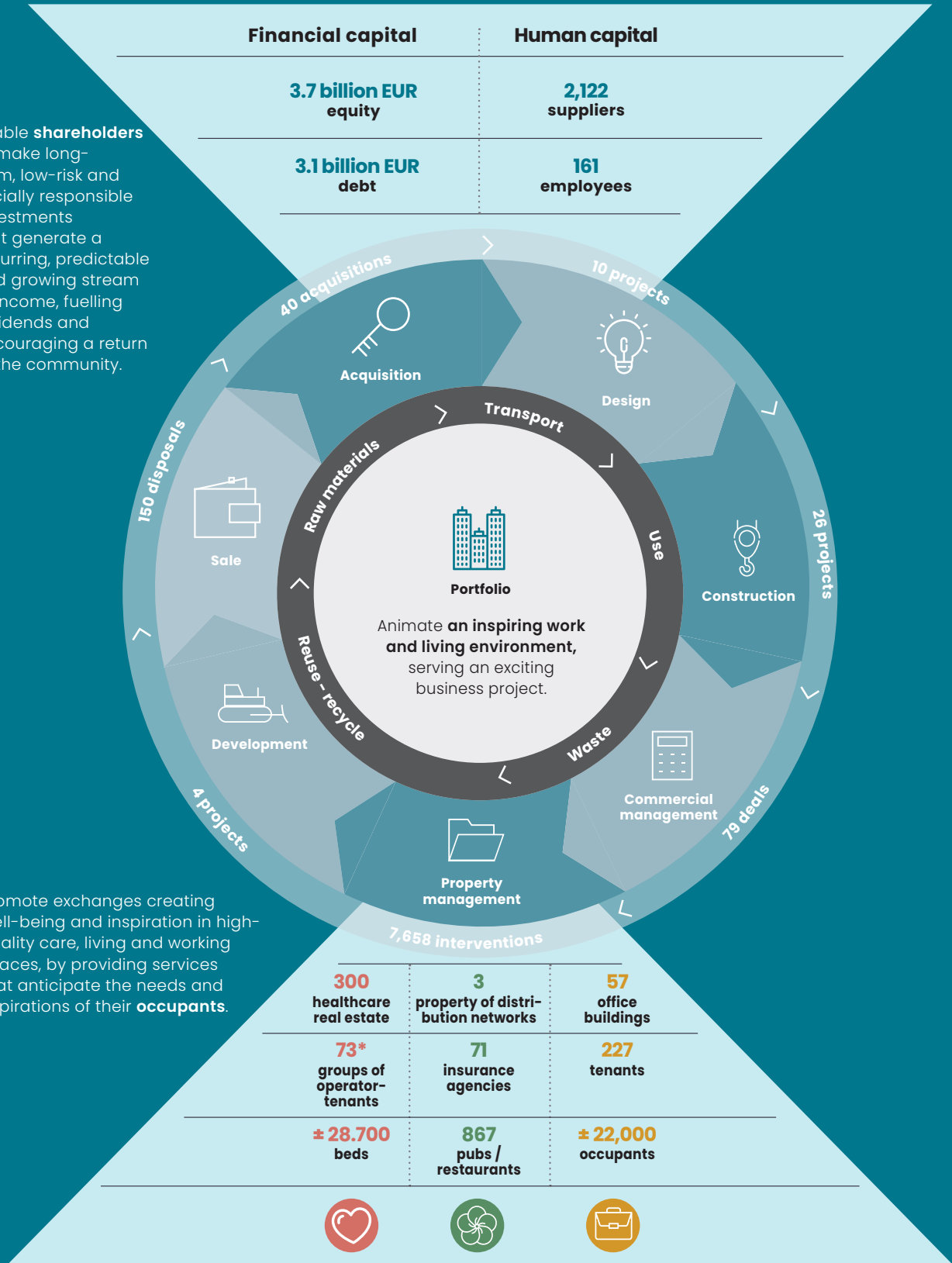
Life cycle analysis and materials management

Cofinimmo aims to integrate lifecycle analysis as a guiding principle in all its activities, herein including acquisitions, development and management of buildings. In particular for new constructions and renovations in the portfolio, in 2022, Cofinimmo has continued boosting its efforts in implementing a structured procedure for life cycle analysis (LCA).

The comparative analysis of existing LCA reports conducted in 2021 added a set of indicators to the definition that have been included in a tender document, which will help the operational team into liaising with the technical experts conducting LCAs on new projects and renovation. Such an approach and first step will ensure a certain level of comparability that in the long term will help to have a clear view on the embodied carbon and the overall environmental impact of the group's development activities.

Enable **shareholders** to make long-term, low-risk and socially responsible investments that generate a recurring, predictable and growing stream of income, fuelling dividends and encouraging a return to the community.

Promote exchanges creating well-being and inspiration in high-quality care, living and working spaces, by providing services that anticipate the needs and aspirations of their **occupants**.



* this only encompasses healthcare operators.

The LCA procedure includes: defining a set of common building elements for all projects; understanding the operational stage of a building to ensure a complete LCA; and establishing consistent building life span for all LCA projects. This ensures that all LCAs done for Cofinimmo’s development projects are based on consistent and comparable information for each building.

Cofinimmo’s approach also considers buildings’ future development potential. This method is backed by the BREEAM certification and the ISO 14001 standard. When combined with other tools, such as Building Information Modelling (BIM), LCA makes it possible to map, evaluate and budget all of a building’s components prior to starting works on the site.

► What ?

A life-cycle assessment (LCA)

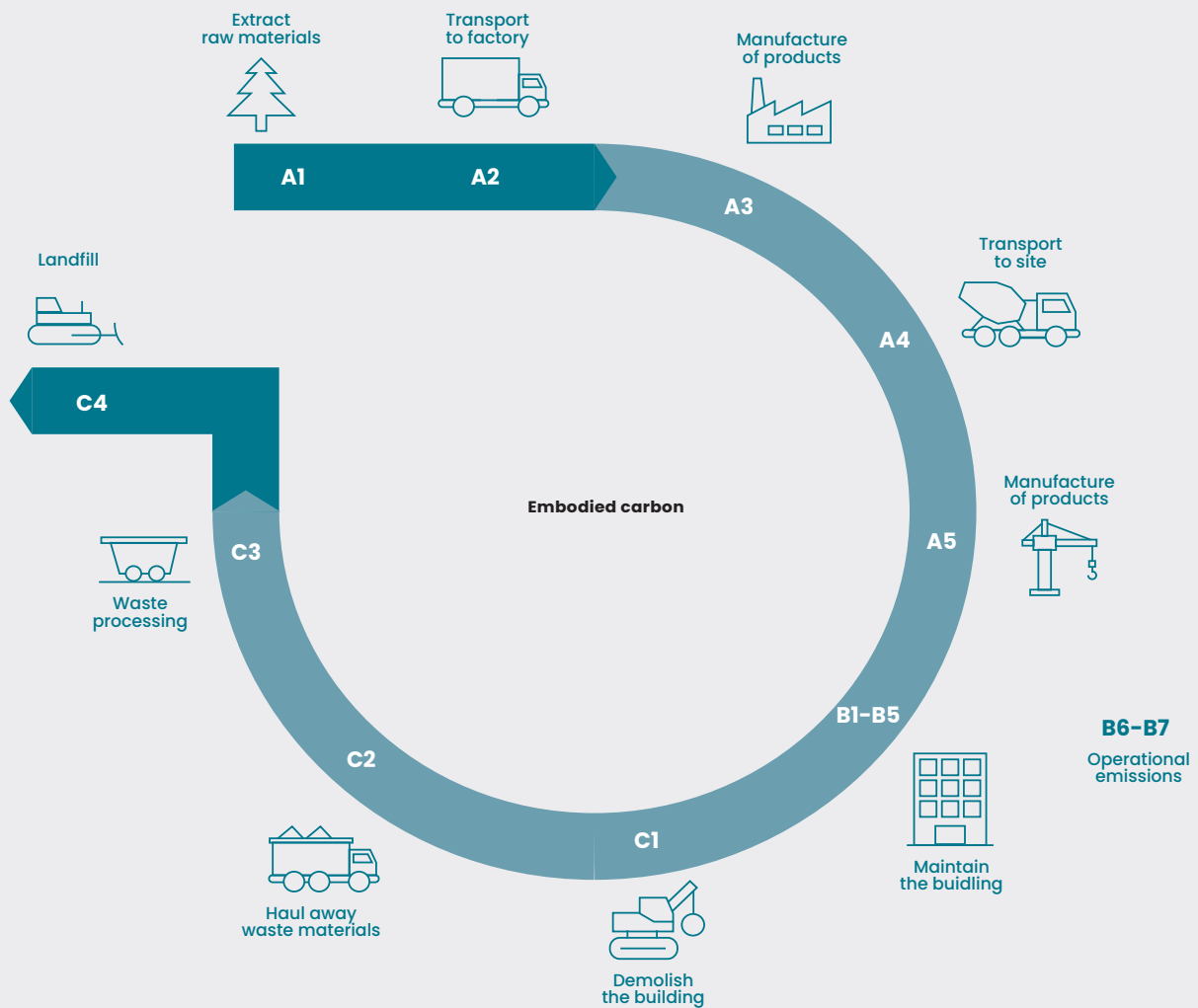
is a methodology that assesses the environmental impacts associated with all the life cycle stages of a building. Performing an LCA on a new development makes it possible to understand which stage and which material is the most harmful to the environment. Also, an LCA incorporates both the operational carbon and the embodied carbon.

Operational carbon

is the sum of all greenhouse gas emissions throughout the lifetime of the building and during its operation.

Embodied carbon

is the sum of all greenhouse gas emissions throughout the lifetime of the building related to the construction, maintenance and end-of-life of a building. Embodied carbon is now the main challenge, since operational carbon improvements have had the focus over the last years.



► Did you know that...

... Cofinimmo joined forces together with contractor Orbix in the implementation of a new technology that could revolutionize the construction industry in its renovation project of OVAM's headquarters in Mechelen. This is Carbstone® technology, which promotes the circular use of a particular residual waste of the construction industry.

Indeed, Carbstone® uses metal slag of steel, a residual waste from steel production, and combines it with CO₂, which functions as a binder, to create an innovative material which replaces cement. The entire process allows to recycle residual waste, and mostly to capture, reuse and store CO₂.

One cubic metre of bricks can store 350 kg of CO₂, which would otherwise have been released in the atmosphere.

As the construction industry is a large emitter and pollutant industry, a new technology that re-employs waste for creating sustainable bricks, avoiding the production of cement, is a great opportunity for the protection of the environment as well as of human economic activities. Research and development, and the possibility to see opportunity in risks, are the driving force in a changing climate.

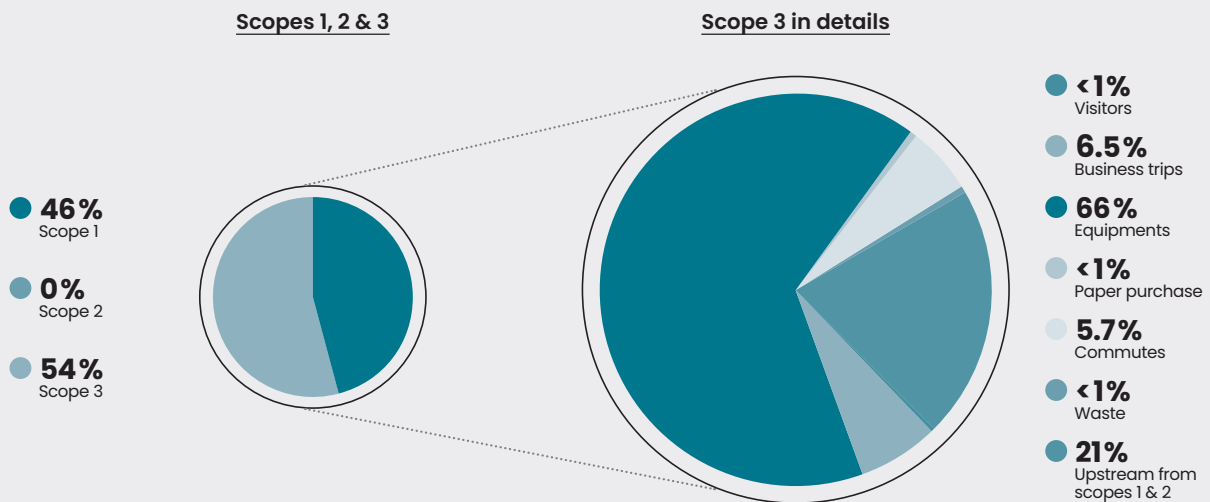
► Carbon footprint of Cofinimmo's head office

The total carbon footprint of Cofinimmo's head office, including direct and indirect emissions associated with infrastructure and transportation, as well as indirect emissions associated with waste and equipment, has been tracked since 2009.

In 2022, the total footprint was 689 tonnes CO₂e (+19% compared to 2009 and +28% compared to 2020, but +5% compared to 2019, i.e. compared to the pre-COVID-19 level). Indeed, the pandemic continues to have a significant impact on transportation-related emissions given teleworking arrangements. The carbon footprint per FTE amounts to 4.4 tonnes CO₂e/FTE, a reduction of -24% compared to 2009.

A green mobility policy is in place to further reduce transportation-related emissions, thus contributing to the objective of reducing GHG emissions in scopes 1 and 2 by 50% by 2030, below 2018 levels, as validated by the Science Based Targets initiative. More details can be found in the chapter 'EPRA performance indicators' (see pages 332 and 334).

Cofinimmo's head office - Footprint per scope in 2022 (% emissions in tonnes CO₂e)



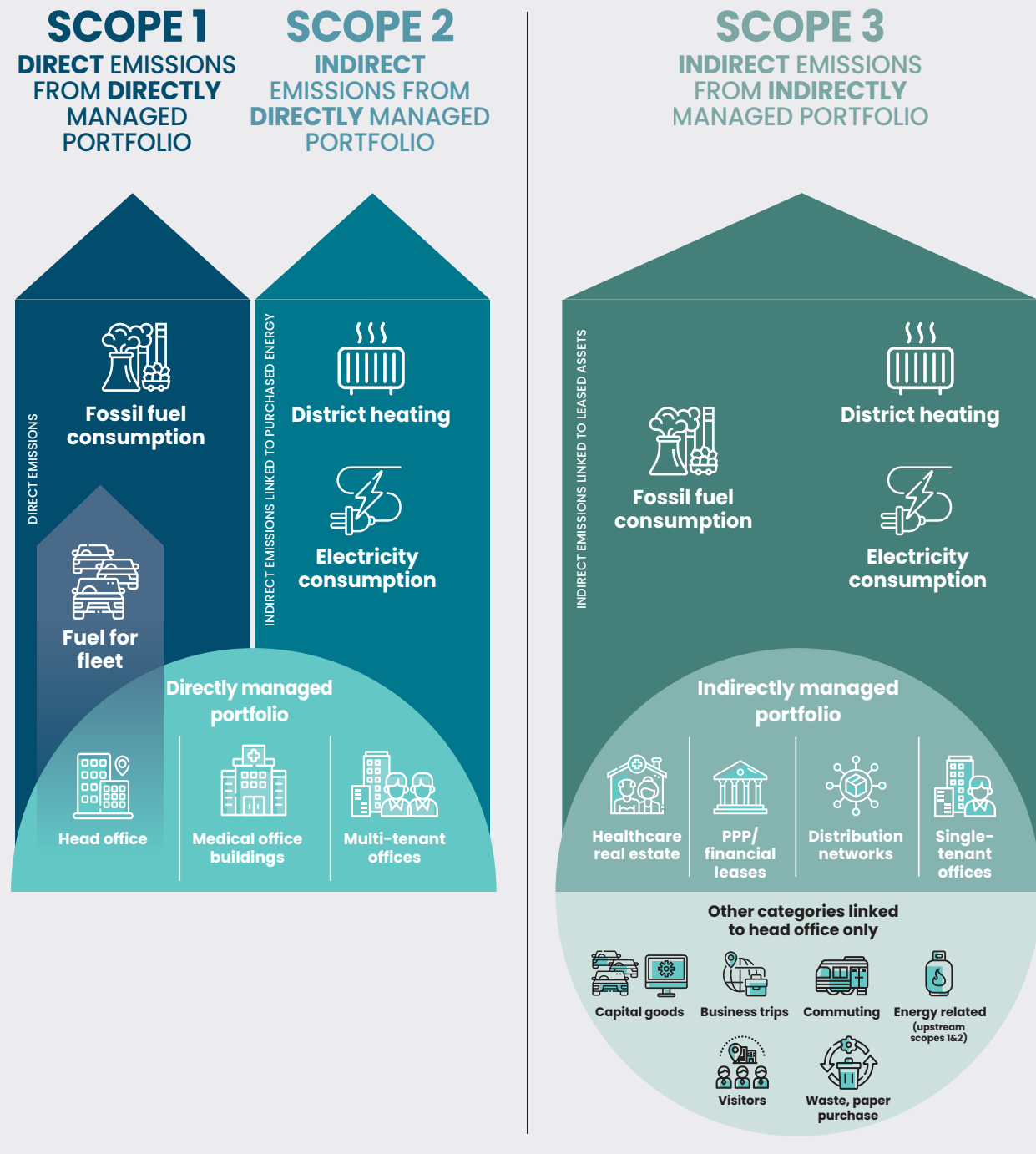
► GHG Protocole : Understanding Cofinimmo's emissions

Cofinimmo has been reporting its scope 1, 2 and 3 emissions in a consolidated way from now almost 10 years, using GHG protocol as a reference standard for measuring, managing, and reporting emissions.

As shown, Cofinimmo opts for an operational control approach. This allows Cofinimmo to differentiate between the portfolio which is directly managed and the one that is not. While the former constitutes direct (Scope 1) and indirect (Scope 2) energy-related emissions, the latter consists of only indirect (Scope 3) emissions.

In total, Cofinimmo aligns its reporting to three standards, i.e. the GHG protocol, EPRA sBPR, and the GRI. Working for alignment helps not only at a corporate level but also for the purpose of harmonization toward a level of carbon accounting that equals the financial one.

As research evolves on GHG emissions and their calculation, so does carbon accounting. The GHG protocol represents an essential reference for the standardization of carbon accounting toward higher transparency. A higher transparency would eventually increase awareness on how to positively contribute to emissions' reduction.



Stakeholder dialogue as driver for transition

As a listed real estate company, Cofinimmo provides investors with the opportunity to invest indirectly in real estate. Fully aware of the impact of its activities, the company maintains an ongoing dialogue with its stakeholders at every stage of a building's life cycle.

From the initial design and permit application stages, Cofinimmo organises consultation meetings with local residents, government, and businesses, etc. The aim is to strike a balance between the various stakeholder interests, by recognising the importance of protected natural areas, heritage conservation, local traffic, retail activity, residents' well-being, etc. It also considers the needs of future occupants and the level of profitability required to compensate its investment.

In buildings' operational phase, Cofinimmo meets regularly with its clients to assess their needs and satisfaction levels.

Cofinimmo attaches great importance to the motivation and commitment of its employees and collaborators. It encourages, among other things, transparent and proactive communication and a culture of empowerment in which staff members help define the company's objectives and work together to achieve them. This collaborative approach promotes a spirit of open feedback and features coaching and individual and team training. As a responsible employer, Cofinimmo is attentive to the well-being of its staff, encouraging healthy diets, physical exercise and good work-life balance. It also supports the well-being of the company by giving employees the opportunity to take on socially relevant responsibilities and activities.

In some cases, Cofinimmo interacts with individual stakeholders in multiple ways: a banker for example can both be a supplier of capital and, a building tenant, or even a local resident.

Each department is responsible for identifying and interacting with its respective stakeholders. The company's good conduct code provides guidelines for all employees. The communication department is available to guide and assist departments, as needed, in their stakeholder dialogue.

Cofinimmo strives to improve exchanges with each stakeholder on key issues relating to its activities, and to consider them in its decision-making processes. The company firmly believes that the stakeholder involvement is essential for innovation and to ensure long-term success.

But who are Cofinimmo's key stakeholders ?



► Xavier Ghislain - Senior Property Manager
 ► Trône/Troon 100 - Brussels CBD (BE)

Shareholders and investors

Individual or institutional shareholders and financial institutions

As a listed company, Cofinimmo has a duty to have a transparent dialogue with its investors and to ensure the same information is available to all.

The people primarily responsible for this dialogue are the members of the executive committee and, more specifically, the CEO and the CFO, assisted by external communication, finance, and ESG departments.

In 2022, Cofinimmo participated in about 30 roadshows, conferences, and other events bringing the company and investors together. During these roadshows/conferences, company representatives were able to meet more than 200 institutional investors and to answer questions on the company's strategy.

Clients and occupants

Healthcare properties operators, retailers, public services, office tenants and other occupants

Depending on the business segment, the first contact that a client has with Cofinimmo is with the M&A team or the commercial representatives. The goal for the commercial staff is to meet the needs expressed by the client before a space is leased. Property managers, on the other hand, seek to ensure the client's comfort and satisfaction throughout their occupancy of the building. If necessary, the project management team is available to carry out improvement works on tenants' premises or, for healthcare real estate, to initiate structural projects.

In the healthcare real estate segment, the client also receives regular visits from Cofinimmo's property managers or their representatives. In some countries, Cofinimmo has signed outsourcing agreements for the technical management of buildings because the properties are geographically dispersed. Each property is visited at least once a year to establish a proactive dialogue with the operator. In Finland, Cofinimmo also concluded subcontracts with a local real estate manager. The main reasons for this are the requested local knowledge and the lack of Cofinimmo offices in Finland. The number of visits therefore varies from one per month to one every six months, depending on the asset and the type of contract.

In January 2022, Cofinimmo conducted a satisfaction survey relating to 2021 among its operators-tenants in the healthcare segment. The objective of the survey was, among others, to better understand the level of satisfaction of the operators with regard to the performance of the buildings they manage. Through this survey, Cofinimmo sought to strengthen the dialogue with tenants in the healthcare real estate segment to understand their ESG priorities for building management.

Using a Net Promoter Score (NPS), the results showed that operators are mostly promoters of Cofinimmo and largely satisfied with the landlord-tenant relationship, and that the most important ESG aspects are energy intensity, health and safety and business ethics. These results will be part of a focused action plan to make sure tenant feedback is considered in the overall strategy. In order to understand the evolution of operators' satisfaction but also the evolution of their needs and priorities in terms of ESG and beyond, Cofinimmo plans to conduct the same survey each two years.

In the office segment, the clients meet with a Cofinimmo employee in person at least once a year. Often, there are quarterly and even more frequent contact if telephone conversations and e-mails are included. The client can also contact the company via the service desk, which is available 24/7. In 2022, the service desk responded to 7,658 client requests. This number is higher than the previous year, which is explained by the gradual return to buildings by occupants, which occurred after the, albeit cautious, relaxation of the safety measures that had lowered occupancy rate since the COVID-19 outbreak.

Employees

Due to the size of the company, which currently counts 161 permanent staff, employees have regular contacts with the human resources manager and one of the members of the executive committee. Informational meetings and informal consultations, open to all employees, are regularly organised and facilitate discussion with members of the executive committee.

The individual performance reviews provide an opportunity to discuss expectations, roles and objectives more formally. At the end of 2021, Cofinimmo switched to a 'performance preview' system, where employees are empowered to propose their own contributions toward achieving the company's strategic objectives. The system of two reviews per year was abandoned in favour of a permanent feedback system, based on regular interviews. With this new system, employees and their managers work hand in hand to ensure the success of their team.

In 2022, after the submission of a survey aimed at defining personality traits of Cofinimmo's employees, Cofinimmo put together a working group where a diverse group of employees worked together to analyse the results of the survey and to extract a common denominator of values, reflecting high ethical standards. These are summarized in 'we care, we connect, we commit'.

Although the right to freedom of association and collective bargaining is provided through mandatory social elections, which take place every four years, no trade union representation has been set up so far, due to lack of candidates.

Regardless of the absence of a trade union, Cofinimmo is committed to managing reorganisations responsibly. For all operational changes impacting multiple people, applicable legislation mandates a minimum notice period of six weeks. No reorganisation involving job losses has taken place within the group in recent years.

Suppliers of goods and services

Developers, contractors, service providers, facility managers, real estate agents, solicitors, consultants

Cofinimmo works with more than 2,000 suppliers. These are primarily contractors responsible for the (re)development of buildings, and companies that carry out regular maintenance on buildings (technical maintenance, energy supply, cleaning, etc.).

There are many interactions with the suppliers of goods and services. In the design phase of a building being (re)developed, Cofinimmo organises meetings with architects and, where appropriate, contractors. In the construction phase, weekly site meetings are held to assess the progress, make decisions on issues that arise as a result of unforeseen factors, and ensure the safety of all involved.

In the operation phase, Cofinimmo meets monthly with the companies overseeing the maintenance of its buildings' technical installations. These meetings are an opportunity to, among other things, discuss how best to ensure occupant comfort and technician safety, carry out system maintenance, and reduce energy consumption.

Supervisory authorities

Financial Services and Markets Authority (FSMA), the National Bank, auditors, municipal, regional and federal authorities

As a Belgian listed company, Cofinimmo contributes to economic life in its operating countries, most notably through the payment of taxes and duties.

Both operational and finance teams maintain relationships with public supervisory bodies to ensure the proper payment of taxes and the publication of transparent financial Interactions with the authorities take place on an ad hoc basis: during applications for building, planning, or environmental permits, for the validation of published financial information, and for financial statement audits, etc.

Media, financial analysts

In addition to Cofinimmo's annual and half-yearly financial reports, the company published 57 press releases in 2022, all of which are made available to interested parties in the financial world. This information is published in three languages (French, Dutch and English) on the company's website. Press releases relating to operations in Germany, Spain, Italy and Finland are also published in German, Spanish, Italian, Finnish and Swedish, respectively. To follow the volatility and impact of social media, Cofinimmo is active on Twitter and LinkedIn. Together these accounts have reached 13,566 followers. In 2021, Cofinimmo published 145 posts on LinkedIn and 52 posts on Twitter.

Finally, Cofinimmo renewed its participation in several ESG ratings and benchmarks, notably GRESB, S&P Corporate Sustainability Assessment, Carbon Disclosure Project and EPRA sBPR, thus maintaining its position among the best real estate companies.

Civil society, local communities

Local residents, civic associations, etc.

Cofinimmo pays close attention to its impact on civil society. To monitor this impact, Cofinimmo regularly takes part in conferences related to its activities, participated in interviews with journalists and helps university students in their academic work. The company is also a member of associations such as The Shift, which brings together businesses and NGOs. These forums provide an opportunity to reflect on ways to improve the company's sustainability policies.

'The Shift is the national contact point for the World Business Council for Sustainable Development (WBCSD) and the UN Global Compact (UNGC). Over 560 organisations from different sectors are members of this network, including businesses, NGOs, associations, universities, public bodies and other key players in society.'

Stakeholders: expectations and responses

Stakeholders	Expectations	Responses
SHAREHOLDERS AND INVESTORS individual and institutional shareholders, financial institutions	<ul style="list-style-type: none"> • The protection of the invested capital; • A moderate risk profile; • The provision of transparent financial information; • A long-term relationship; • A socially responsible investment; • The repayment of the debt and payment of interests. 	<ul style="list-style-type: none"> • A clear investment policy in the three business segments: healthcare real estate, distribution networks and PPP, and offices; • Seeking income over the long term; • Transparent financial information, audited by the external auditor, governed by the regulations, and supervised by the Financial Services and Markets Authority: annual report, participation in investor fairs, general meeting, etc.; • Full application of the corporate governance code.
CUSTOMERS AND OCCUPANTS healthcare real estate operators, retailers, public services, office tenants and other occupants	<ul style="list-style-type: none"> • A building that meets the specific needs of their activities; • The ability to innovate in order to meet changing needs; • Rents in line with their financial potential and clear information on their rights prior to the signature of a lease; • Control of rental-related expenses; • A trustworthy, stable landlord; • Sustainable buildings which guarantee security and comfort. 	<ul style="list-style-type: none"> • A team of professionals active in various real estate fields: commercial representatives to fully understand customers' needs, project managers to ensure the buildings' construction quality, property managers to ensure efficient management of buildings in operation, and control of rental expenses. • A commercial offer with clear and transparent clauses.
EMPLOYEES	<ul style="list-style-type: none"> • Pleasant working conditions; • Fair treatment; • A guaranteed, stable and attractive wage grid; • A skills development plan (training, career prospects, etc.); • Management with strong ethical values, a sense of leadership and the ability to listen. 	<ul style="list-style-type: none"> • A policy on good conduct; • Wage conditions that ensure a fair, appropriate and comfortable standard of living and salary development protecting staff against increases in the cost of living; • A system of permanent dialogue between the employee and their manager to help each other as much as possible in successfully contributing to the company's objectives; • Consultation on working conditions and working atmosphere, with a view to improve work through agreements; • Freedom of association and collective bargaining protected by mandatory elections and regular interaction opportunities with colleagues and the management; • Responsible management and reorganisation (where it occurs); • Access to training; • Regular employee engagement surveys.
SUPPLIERS OF GOODS AND SERVICES developers, contractors, service providers, facility managers, real estate agents, solicitors, consultants	<ul style="list-style-type: none"> • Collaboration opportunities; • Compliance with purchase orders and signed contracts: product and service prices, payment deadlines, etc.; • A healthy, well-balanced commercial relationship; • Respect for suppliers' staff. 	<ul style="list-style-type: none"> • A supplier code of conduct • Clear specifications and tender rules; • Acceptance of the delivered products and services agreed upon by both parties; • Payment of agreed amounts within the agreed deadlines; • Openness to dialogue in the event of a dispute; • A policy on good conduct that includes supplier relationships; • Commitment to reduce social risks in its supply chain.
SUPERVISORY AUTHORITIES the Financial Services and Markets Authority (FSMA), the National Bank, auditors, municipal, regional, and federal authorities	<ul style="list-style-type: none"> • Compliance with the laws and regulations in effect, particularly those governing town planning and environment; • Open dialogue through professional associations; • Compliance with public space planning rules. 	<ul style="list-style-type: none"> • Financial publications and press releases that meet regulatory requirements; • Timely transmission of information on the transactions carried out to enable the supervisory authority to review them without undue haste; • Compliance with the legislation and procedures in effect, and the forms required by the authorities.
MEDIA, FINANCIAL ANALYSTS	<ul style="list-style-type: none"> • Accurate, reliable information and timely dissemination. 	<ul style="list-style-type: none"> • Annual reports, press releases and other publications; • Participation in interviews, round tables, debates and roadshows; • Press conferences; • ESG ratings and references.
CIVIL SOCIETY, LOCAL COMMUNITIES local residents, civil society associations, etc.	<ul style="list-style-type: none"> • Responsiveness to society's actual real estate needs; • A contribution to citizens' well-being; • Improvement in urban quality of life and harmony; • Payment of taxes. 	<ul style="list-style-type: none"> • Investment in segments that represent a demand and respond to a present and future societal challenge (healthcare real estate, PPP); • Respect for the neighbourhood when refurbishing buildings or during new developments; • Citizens' initiatives supported by Cofinimmo's employees.

Environment

Organisation / Institution	Rating / certification	Initial rating	Evolution		
 GRESB	2022 Green Star with a score of 70% Peer average 67%	45% 2014	67% 2020	70% 2021	70% 2022
 CDP	2022 B (on a scale from A to D-) Europe regional average B Financial services sector average B-	C 2013	B 2020	B 2021	B 2022
 BREEAM HQE	2022 BREEAM or HQE - Good to Excellent (11 sites)* BREEAM In-Use - Good to Very Good (9 sites)*	1 site 2010	7 sites 2020	15 sites 2021	20 sites 2022

* A rotation policy is applied for BREEAM or BREEAM-equivalent certification favouring the certification of buildings not certified in the past, which goes beyond a simple extension of the certifications already obtained. The number of buildings that have thus obtained BREEAM or BREEAM-equivalent certification at one time or another amounts to 34.

158 tonnes of CO₂e per million EUR

GHG emissions intensity in relation to the real estate result

-10.0%

Change in GHG emissions

-16.2%

Change in fuel consumption

+3.9%

Change in electricity consumption

158 kWh/m²

Energy intensity

Reducing energy intensity of the portfolio

The real estate sector is responsible for 40% of greenhouse gas (GHG) emissions in Europe. In light of this fact, Cofinimmo aims to reduce its buildings' emissions and strives to ensure they deliver optimal energy performance.



In 2021, the European Commission renewed its commitment to reducing GHG emissions by adopting its 'Fit for 55' Plan. Building and renovating in an energy and resource-efficient way is one of the

policies that will bring about major changes to help transform the EU economy for a sustainable future.

Cofinimmo, a major player in European real estate, has demonstrated its commitment to ESG for almost 15 years. The company remains convinced that it is possible to achieve a carbon-neutral society by 2050 while serving the interests of its stakeholders.



Cofinimmo's 30³ project is part of this approach. The project has been validated by the Science Based Targets initiative (SBTi) and contributes directly to the company's objective of reducing GHG emissions. The objective of this ambitious project is to reduce the energy

intensity by 30% (below 2017 level) to reach 130 kWh/m² by 2030. To achieve this objective, a 360-degree approach will be applied, taking into account the entire life cycle of buildings, as well as scopes 1, 2 and 3.

This corporate project applies to both the office and healthcare real estate segments, as well as all activities under the company's direct management, such as disposals and acquisitions, development projects, project management, and day-to-day building management.

Around 2,000 companies worldwide have targets validated by SBTi. The 2030 target has been set and an assessment is carried out annually to ensure that the commitments are met. Cofinimmo is also actively working to set up its objectives for 2050. Several intermediate targets will be set with a view to ensure objectives are achieved by 2050, or even sooner.

Monitor

Reducing energy intensity starts by better understanding the portfolio of buildings. With this in mind, Cofinimmo is gradually, and more effectively, recording buildings energy consumption. The action plan, implemented in the multi-tenant office segment since 2013, was completed in 2018. As a result, these buildings are now equipped with remotely readable meters connecting the facilities to the energy accounting software. Some operators in the healthcare real estate portfolio have taken similar approaches to automatically record their energy consumption. This general approach is being pursued for the healthcare real

estate and the single-tenant office segments with a view to equip 75% of the portfolio in the healthcare real estate and office segments with automatic consumption records. In 2022 the healthcare segment achieved the portfolio goal of 75% in comparison with coverage of 14% in 2021.

Cofinimmo believes that landlords and tenants have a shared interest in reducing the environmental impact of rented space. Building occupants are responsible for managing their own energy consumption. Nevertheless, Cofinimmo raises tenants' awareness through sustainable collaboration agreements which enable the sharing of consumption data and the implementation of initiatives to reduce consumption. When appropriate, these agreements are formalised by a green clause, a green charter, a proxy, or, for existing leases, a simple exchange of emails.

Since 2020, a green clause has been included in all new leases. All consumption data from the shared spaces under Cofinimmo's management, as well as the private consumption data voluntarily provided by different tenants, is collected within the energy accounting software. As at 31.12.2022, 75 tenants have accepted a sustainable collaboration agreement so that energy consumption data is available for 71% of the portfolio. Energy intensity and GHG emissions data is provided in chapter 'Key EPRA Performance Indicators' (see pages 326-334).

5.5%

Renovation of the portfolio (excluding new constructions, extensions and acquisitions) for 2027.

130 kWh/m²

Energy intensity across all segments by 2030.

85%

Surface areas covered by a sustainable collaboration agreement between Cofinimmo and the tenant (healthcare real estate and office segments by 2023).

Prevent

What is the best way to participate in global efforts to reduce GHG emissions in the real estate sector? Cofinimmo aims to reduce energy consumption through redevelopment or major renovation of its portfolio (5.4% of total assets in 2022). The company strives to do as much as possible in terms of energy intensity, often going beyond legal requirements while maintaining desired profitability. Efforts taken to reduce consumption differs by sector, but the general approach is to limit the use of fossil fuels. In the healthcare real estate segment, Cofinimmo's involvement is focused on raising tenants' awareness. For offices, Cofinimmo is often involved in the construction/renovation phase and in the day-to-day management of most buildings. This enables Cofinimmo to influence energy consumption once the building is occupied.

In the portfolio under operational control, opportunities for emissions reduction go beyond renovations. A five-year plan ensures that maintenance work is targeted toward reducing the portfolio's energy intensity. In 2022 a net zero roadmap has been established in order to facilitate 25 energy audits for strategic assets. Operational management aims to proactively improve the energy performance of buildings in collaboration with technical maintenance companies.

Renewable energy

While reducing and limiting energy consumption remains a necessity, an overarching global goal is to increase the share of renewable energy. To this end, Cofinimmo has signed a contract for the supply of electricity from renewable sources for areas under its operational control in both the healthcare real estate and office segments. Electricity delivered under this contract is produced off-site, thus GHG emissions are reduced to zero. Photovoltaic panels are installed in 51 buildings, and, combined, produce 3,594 MWh per year.

Committed to act on climate change

The Belgian Alliance for Climate Action is a joint initiative of The Shift and WWF. It is an open platform for Belgian organisations, regardless of their size or sector of activity, that want to reduce their GHG emissions, raise their climate ambitions and use science based targets to achieve their climate objectives. By joining the organisation, around 100 organisations in Belgium have committed to aligning their activities with the objectives of the Paris Agreement, i.e. to limit the global temperature rise to well below 2°C and to continue their efforts to limit the increase to 1.5°C. WWF, a co-founder of the Science Based Targets initiative, will provide expertise to the alliance members on target setting and will liaise with other climate alliances around the world.

Cofinimmo has increased its ESG ambitions by launching its 30³ project. The project objectives were established using the SBT methodology, according to which the group was able to objectivise the effort to be made to contribute to the global objective of limiting global warming to 1.5 degree. This project follows the



► Nursing and care home - Oleiros (ES)

many ESG initiatives pursued by Cofinimmo almost 15 years ago and is in line with the Paris Agreement as initiated at COP21.

To limit the financial risk associated with climate change, Cofinimmo applies a seven-level approach:

- acquisition policy aiming at reaching an average energy intensity of 85 kWh/m² for the acquired portfolio by 2030;
- renovation projects with a maximum energy intensity of 50 kWh/m², taking into account the economic profitability and technical constraints;
- maintenance works to reduce the energy intensity of the existing portfolio by an average of 10 %;
- operational management in collaboration with suppliers to improve the energy performance of existing assets;
- proactive dialogue with tenants;
- sustainable financing framework based on a list of eligible green and social assets;
- implementation of the ESG policy.

Monitoring water usage

According to MIT researchers, 52% of the world's population, now estimated to be 9.7 billion people, will live in regions with water stress by 2050. The U.S. environmental programme also estimates that the built environment is responsible for 20% of water consumption. The water consumption data, reported by the real estate sector, however, is often limited in scope, accuracy and detail. Given the significant volume of water consumed in the healthcare real estate segment, Cofinimmo seeks to implement targeted actions for sustainable management of the water cycle.

Challenges related to water management, and more specifically access to drinking water, are no longer limited to developing countries. Indeed, climate change impacts variability in the water cycle and its extremes all over the world. Europe has experienced very real effects of climate change in recent years, with summers marked by a combination of severe droughts and extremely violent floods.

This situation calls for political action to introduce regulations on water use, wastewater treatment, and land use. In addition to regulations, sustainable certifications such as BREEAM address these issues, from environmental responsibility and well-being perspectives. These changes impact the company's portfolio in terms of both its construction and management and require certain improvements. Water cannot be reused, for example, without the installation of water tanks. The group's action is not limited to specialised equipment, however.

Measure and act

Following the installation of remotely readable energy meters, Cofinimmo went on to equip buildings' water meters with a remote connection. In addition to measuring water consumption, the meters are designed to trigger an action when a discrepancy is detected. A simple algorithm detects anomalies in water consumption and sends an alarm to the building manager for further analysis to identify the source of the problem. The paradox of water consumption, whether in healthcare real estate or in offices, is that bills are relatively low for normal use, but can increase exponentially in the event of a leak. Indeed, a seemingly minor drip can lead very quickly to thousands of liters of water lost.

What does it take to minimise water consumption?

The process of minimising water consumption takes place not only within the building but also outside.

In the building, limiting water consumption is related to installed appliances, and human behaviour. As for the former, there exist specific installations for different water usages (e.g. sanitary appliances, including toilets, taps, showers, and kitchens). For example, low-flow sanitary equipment is standard practice now to limit the consumption of flush, while other installation types such as waterless toilets are future-oriented installations.

888 liters/m²

Water consumption per surface area.

64%

Buildings equipped with remotely readable water meters.

Together with appliances, it is important to recognize that not all these water-saving measures work independently from one pivotal aspect, human behaviour. Academic research shows that influencing human behaviour can be successful in reducing water consumption. Very interestingly, data-driven personalised messages about people's actual water use can influence water conservation. Showing people their attitude behavior discrepancies evokes a feeling of discomfort, triggering water conservation as people may experience a cognitive dissonance between this feedback information and how they perceive themselves, or how they want others to view them. It still needs to be explored whether such changes in behaviour are only temporary or have lasting effect.

As for the external layout of a building, it can have a dual function: creating captured and underground water reserves and delaying rainwater runoff.

The installation of green roofs delays rainwater runoff by creating active roofs. Limiting hard surfaces allows better permeability of the ground so that rainwater can supply the groundwater. In the event of heavy rain, which is increasingly common, this makes it possible to reduce flood risk. The impact of biodiversity, from vegetation, whether on the roof or on the ground, must also be considered.

In the coming years, water management inside and outside buildings will need to change drastically to mitigate the physical risks associated with climate change. It is therefore essential that companies, particularly those in the real estate sector, prepare for the future.

Apply circularity to water management

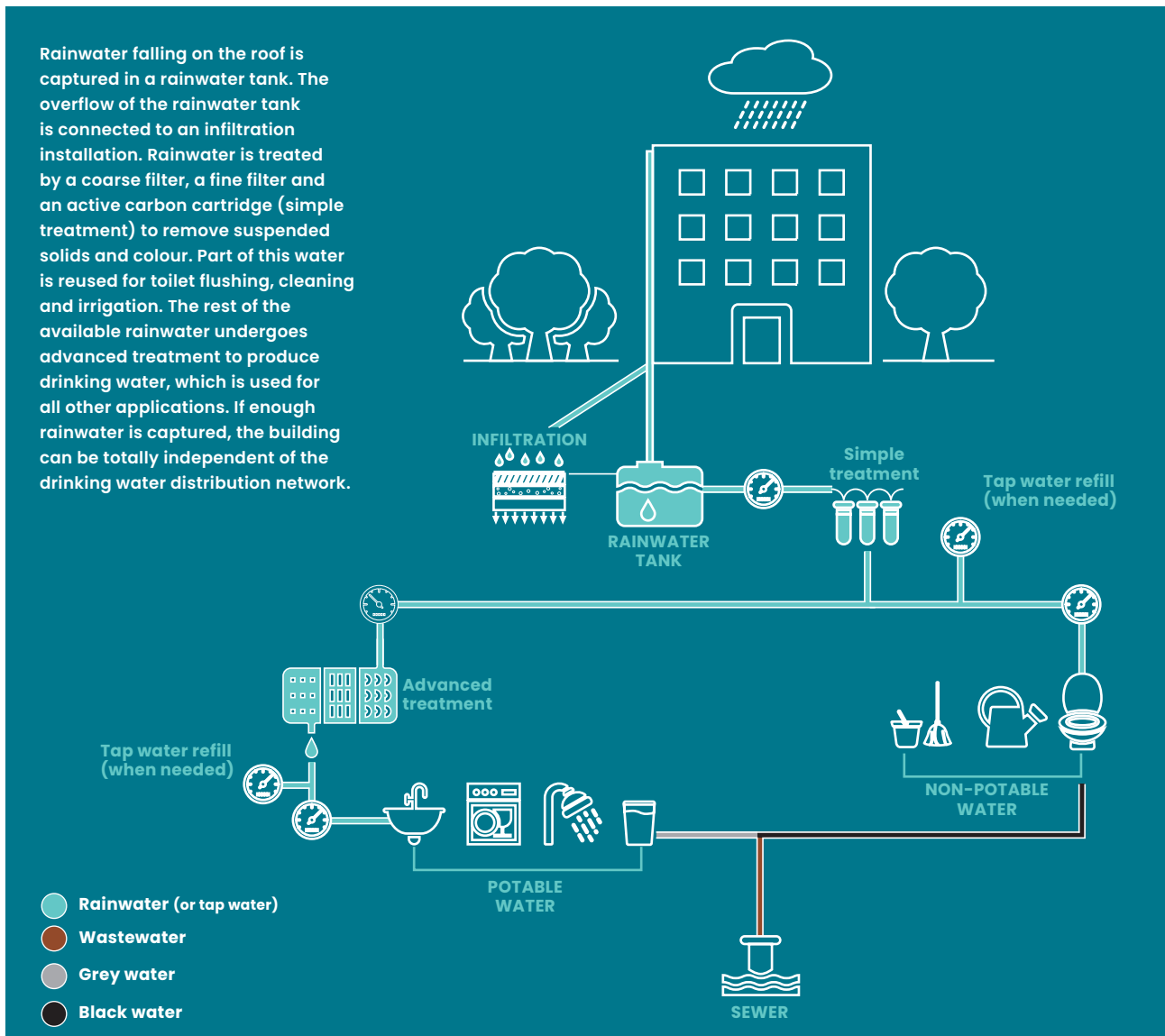
By definition, a circular economy is restorative or regenerative by intention and design. If applied to water, the circular principles allow to recuperate water and reuse it in the system for different purposes as a possible solution to water scarcity.

One of the most common systems is rainwater capture, which is not yet economically or structurally viable in all cases but is part of the feasibility criteria for new constructions. Through rainwater recuperation, the rainwater falling on the roof of the building is collected in a rainwater tank, which is connected to an infiltration installation and, based on the depth of the treatment procedures, it can be reused either for non-potable or drinking water usage.





Another process that constitutes an upcycling of water is the treatment and reuse of black water and grey water for low or high-grade applications. In this case, water originated from toilet flushes (black water), and the water originated from house

appliances such as dishwashers or kitchens (grey water), are then treated one or multiple times based on the end-use destination, building a closed system of water usage.

Companies, like Cofinimmo, that are already thinking about new social trends and integrating these into their strategy will be one step ahead of companies that opt for a wait-and-see approach.



Social

Organisation / Institution	Rating / certification	Initial rating	Evolution		
	2020 EE+ (Very strong) (on a scale going from F to EEE) SE Belgian Index & SE Best in Class Index	EE+	EE+	EE+	EE+
		2015	2018	2019	2020
	2021 0.75 GDI rating ¹ Ranking 3 rd place in Belgium Global average 0.59	18°	0,86	0,81	0,75
		2018 ¹	2019	2020	2021
	2022 Equileap 58%	58%	53%	55%	58%
		2019	2020	2021	2022
	2022 Gold (on a scale going from Standard to Platinum)	Stand.	Gold	Gold	Gold
		2012	2020	2021	2022

¹ No GDI rating available for 2018, on the worldwide ranking (out of 600 companies).



Safety of occupants

Real estate’s impact on the external environment is increasingly well managed. But what about its impact on the internal environment ?

In today’s society, guaranteeing safety within buildings is part of expectations. In addition to functional requirements, buildings must contribute to the health of the users. New certifications and benchmarks underpin this shift, making it essential for Cofinimmo’s buildings to meet these expectations.

Characteristics of the building

Both construction choices and maintenance quality impact the safety of building occupants. The presence of unverified hazardous materials, non-compliance with safety standards and inadequate ventilation systems can all affect occupants’ health.

Cofinimmo systematically analyses all elements likely to impact on public health. The due diligence process includes a compulsory analysis of the presence of asbestos, soil pollution and aspects relating to fire-fighting and fire prevention and accessibility services for people with reduced mobility.

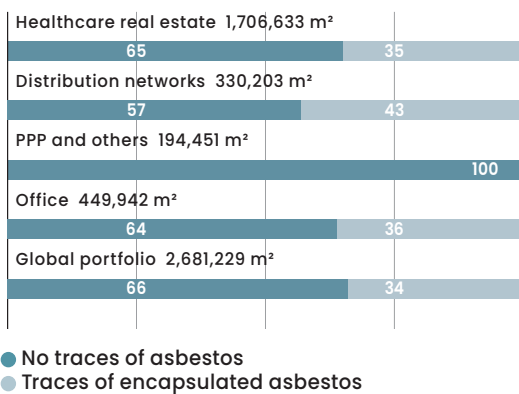
The asbestos risk is closely monitored for older buildings in the portfolio. Asbestos present in buildings is usually encapsulated in the materials. In the event of deterioration, these materials are removed in accordance with legal requirements to ensure individual safety.

Internal and external facilities

The impact of nature on physical or mental health is well established, whether through the quality of the environment in which we live (presence of green spaces and landscaping), the quality of the air we breathe or even biodiversity. This is why Cofinimmo always seeks to provide green spaces to its occupants and pays particular attention to biodiversity whenever initiating a new project, whether in the healthcare real estate or office segments.

At the same level the surroundings have a positive impact on fighting loneliness in the healthcare segment. In the Fundis project, onsite services like a dentist or a pharmacy facilitate visits by family members as they combine visits to occupants with those other services.

Asbestos management (in %)



93%

of the directly managed portfolio has fire audit and asbestos monitoring.

No infringements that might present a financial or health impact on occupants have been detected during fire audits and asbestos monitoring in the directly managed portfolio.



► Office building The Gradient - Brussels decentralised (BE)

Responsible relations throughout the supply chain

Cofinimmo, a listed company and leader in European healthcare real estate and in the office real estate in Belgium, demonstrates transparency and ethical behaviour towards its stakeholders. The company condemns any practices that are questionable or punishable by law (e.g. corruption, money laundering, undeclared work, social dumping, etc.) as well as those that contravene the principles of sustainability, fair treatment, equal opportunity and respect for others.

These operating principles apply to all of Cofinimmo's operating segments and in all countries where the company is active.

Policy on social aspects

Cofinimmo always seeks to treat its suppliers fairly during purchase negotiations, placing particular emphasis on the safety of its staff. Commercial relationships can only be maintained through the mutual respect of all parties and the understanding of their respective concerns and objectives. The outsourcing of construction and maintenance activities goes hand in hand with strict monitoring of these subcontracting operations. That is why in 2022 Cofinimmo enhanced its commitment through the publication of a supplier code of conduct. Each project manager and property manager is responsible for the application of the supplier code of conduct as regards the relationship with suppliers. The supplier code of conduct includes a commitment to the United Nations Global Compact, whose ten principles are derived from the Universal Declaration of Human Rights, the International Labour Organisation Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development and the United Nations Convention against Corruption. Through its values and its activities, Cofinimmo seeks to live up to its fundamental responsibilities regarding human rights, employment, the environment and the fight against corruption.

In the context of calls for tenders, Cofinimmo clearly describes the responsibilities of each party in the specifications and contracts. The registration of site workers is compulsory in all countries where Cofinimmo is active. The employment of a local youth is required for each work site and must be implemented by the general contractor. The monitoring and reporting of accidents on the work site is the responsibility of each subcontractor in its capacity as employer. There were no accidents with fatal consequences on Cofinimmo's work sites in 2022.

Safety on site

In the context of large-scale renovations, Cofinimmo's employees are trained in safety coordination and identify and monitor the risks and preventive measures to be implemented for each work site. Cofinimmo also relies on external safety coordinators as the workload requires. Safety coordinators provide each worker with an introduction to work site safety, and monitor compliance with safety instructions. Safety is included in the agenda of weekly work site meetings. In accordance with European directives, these measures are applied in all countries where Cofinimmo is active.

In the context of the portfolio maintenance, Cofinimmo equips its buildings with safety systems in order to ensure the physical safety of suppliers (for example cradles and anchor points for window-cleaning teams). Subcontractors' services are covered by framework contracts to ensure the development of a mutually beneficial partnership.

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No cases of misappropriation were identified.

No cases of wrongdoing in calls for tenders were identified.

Diverse, trained and healthy employees

The success of any organisation depends not only on an inspiring vision but also the people delivering it. They must be given the space to fully apply their talents and thus efficiently turn this vision into reality. The group's human capital strategy is designed to provide maximum support in this respect. Cofinimmo brings significant added value to society. Its staff are proud of this fact and understand that they all make an important contribution to achieving success together. The group strongly believes in diversity and respect of as well as equality in its workforce. Different perspectives and experiences enrich its decision-making processes, which are designed to further enhance this diversity. In order to expand its business activities, Cofinimmo invests in its staff. It helps them reach their maximum potential by focusing on their development through a combination of training and coaching initiatives. The safety, well-being, and resilience of its staff are also crucial and are actively supported through various initiatives.

Respect for differences and cultural diversity

Diversity within Cofinimmo is reflected in initiatives dealing with recruitment, staff management and the company's external positioning (see page 203 of this document).

Whether internally or in interactions with external stakeholders, Cofinimmo has long since adopted a high level of ethics, an essential prerequisite for diversity, non-discrimination and respect for individuals, institutions, and the rule of law. This includes:

- a code of good conduct;
- shared and supported values: we care, we connect, we commit;
- open and transparent feedback and feedforward culture based on trust and mutual help for joint success;
- right and encouragement of self-expression, information and personal development for all employees to grow with the company.

General principles of recruitment and selection

At all stages of the selection process, Cofinimmo's objective is to check the candidates' suitability for the position and the company, as well as their motivation, without any other consideration that could be described as discriminatory.

During selection interviews, Cofinimmo undertakes not to express any evaluation, judgement, or criticism, and not to ask candidates any questions which might be considered discriminatory or vexatious, given their values, personal and family choices and lifestyle.

Cofinimmo has the success and well-being of its staff at heart and refrains from hiring people who may not achieve the expected levels of success or well-being. To avoid hiring errors when recruiting new employees, Cofinimmo applies an objective selection procedure by using non-discriminatory assessment tests that measure personal abilities, behaviour traits, preferences and motivations. This aims to identify the best possible match between the employee and both the requirements of the

80%

Women/men

Remuneration ratio between genders at employee level.

'Cofinimmo believes diversity (cultural, generational, linguistic, gender, etc.) to be a strength and promotes equal opportunity, a fundamental democratic value.'

The company's diversity policy and key indicators are an integral part of the corporate governance statement (see pages 198–203).

function and the corporate culture. If Cofinimmo relies on an external service provider for this assessment, they are evaluated to ensure that they have the skills, methods, and selection tools appropriate for the requirements of the position, and that the persons responsible for evaluating candidates adhere to the principle of non-discrimination.

Information on job vacancies and subcontracting

When Cofinimmo advertises its job vacancies, the content does not include any term, reference, or criterion of a discriminatory nature. If recruitment and selection professionals are engaged in the selection process, the company first ensures that these intermediaries adhere to the principle of non-discrimination and that they apply it at all stages of the procedure.

Reduced mobility

Cofinimmo expresses its desire to give equal consideration to the recruitment of persons with reduced mobility for positions where duties are compatible with such disabilities. Cofinimmo endeavours to make all reasonable arrangements to facilitate access to its premises and to the workstation and to promote the success and well-being of staff with reduced mobility.

Welcome and on-boarding

Irrespective of the position held and its hierarchical level, Cofinimmo applies an onboarding program so that each new employee can integrate quickly and smoothly into the company.

Likewise, all employees who leave Cofinimmo are invited to freely express the reasons for their departure to their manager and/or the human resources department during an exit interview.

Information and working tools

Cofinimmo believes it is essential that all its employees, without distinction, have the information they need to carry out their duties, understand those of their manager and colleagues, and remain abreast of developments in the company.

The company's labour regulations are made available to all employees via the intranet and the company regularly organises information sessions where all employees - or a subset, depending on the topics addressed - are invited to attend and given the opportunity to speak up.

Cofinimmo offers its staff the most modern and best-adapted tools, procedures, and working methods so that they can succeed in their positions with an optimal level of comfort and well-being.

Cofinimmo regularly ensures that employees in management positions continue to master their functions and that they continue to do so in the spirit of the principles of equality and diversity within Cofinimmo.

Compliance with regulations

Discriminatory practices and homophobic, xenophobic, or racist remarks, whether made internally or towards people outside Cofinimmo, are prohibited and are subject to sanctions. The same applies to visiting xenophobic or racist websites at work, or to the use of discriminatory or vexatious language in emails.

The trusted contact person designated within Cofinimmo is attentive to the proper application of the principles of equality and diversity and prepares a summary report once a year on the cases handled anonymously and confidentially.

A mechanism for claiming freedom of association and collective bargaining, including confidential channels such as the trusted contact person is available. Procedures are communicated to all employees during on-boarding and on a regular basis thereafter. Progress reports on individual cases are shared with the executive committee. In 2022, no cases were reported.

Remuneration policy

Cofinimmo follows an objective classification of duties and offers its employees a compensation package that uses identical criteria for all employees. The compensation package includes, among other things, a benefit plan, a profit-sharing scheme and, since 2009, a non-recurring bonus tied to company results.

Given the desired work-life balance and in particular the issues associated with commuting (i.e. traffic congestion), employees have expressed the need to organise their time more optimally. In response to this request, and to enable employees to work from home effectively, Cofinimmo has implemented a policy on IT and hybrid working. It provides appropriate IT infrastructure and has added a home internet subscription or allowance to the compensation package.

In Belgium, employees also enjoy a series of other fringe benefits such as company car, group insurance, private health insurance, meal vouchers and eco-cheques, smartphone, laptop computer, option plan, etc. Since legislation differs from one country to another, these fringe benefits cannot be offered to all the employees of the group. This being said, the Human Resources department is currently investigating the different types of fringe benefits allowed in each country in order to harmonise them across the group's branches.

Cofinimmo recognises the importance of its employees' physical well-being and offers the opportunity to undergo regular preventive medical examinations. It also takes initiatives to promote physical activity and healthy eating.

While being closer in size to an SME, Cofinimmo draws from the same talent pool as the much larger BEL20 companies in its search for talent. Thus, in addition to its dynamic culture and core values, Cofinimmo pays close attention to alternative forms of remuneration with a view to build loyalty.

Employee training

In the medium term, Cofinimmo promotes the professional and personal development of each employee at every stage of their career. In the longer term, it aims to ensure that the end of a career is both rich in challenges and free of concerns for the future.

Cofinimmo achieves this through an extensive learning plan, which combines workplace learning with more traditional forms of classroom-based learning (online or otherwise) and social learning, such as coaching and mentoring. These learning opportunities are made widely available so that employees can reach their full potential.

Investing in its employees allows Cofinimmo to benefit from their increased effectiveness and commitment, and above all to meet its excellence objectives.

Investors in people (IIP) accreditation

In 2006, Cofinimmo was one of only a few (less than ten) companies in the Brussels-Capital Region to obtain the IIP accreditation. This valuable accreditation is widespread across the world, especially in Anglo-Saxon countries, and in Belgium's Flanders region, but is far less common in Wallonia.

Since its initial accreditation, Cofinimmo has managed to renew this credential every three years, which demonstrates that the company invests in and listens to its employees. Such an accreditation also makes it possible to attract new talents who appreciate the company's sustainable approach.

In 2018, Cofinimmo obtained the renewal of its label for three years. In 2021, the Gold level of this credential was temporarily reconfirmed after a quick scan in Covid times. In 2022 a thorough survey took place, including detailed interviews, which resulted in the Gold certification being reconfirmed for another 3 year period.

Continuous training policy for employees and managers

Cofinimmo offers all employees, without any discrimination whatsoever, the same training and development opportunities.

It is motivated by the desire to ensure that each person is ready, at all times, to take on a new position within Cofinimmo or elsewhere, but also that their skills are in line with market requirements. Cofinimmo promotes from within whenever possible.

Five areas of training are emphasised: business-related technical skills, sustainable development, languages, IT, and personal development. In 2022, language courses were a key focus area. This is due to the internationalisation of the company and the need for everyone to be able to express themselves in a common language. Conversation groups have been set up in 2022 in order to enable interested employees to put their knowledge into practice. There are French, Dutch, German, English and Spanish groups.

Training courses are selected jointly by the employee, their manager, and the human resources department. The selection process takes into account advances made by the competition and the sector, the teams' development needs, new trends, and also the potential for taking on a higher-level position.

Managers (current or potential) are provided with (individual and/or group) leadership and people management development courses to improve their understanding of the different, and unique aspects of the role. In addition to in-depth knowledge, managers need behaviours and approaches that will generate motivation and commitment on the part of their subordinates.

All of these opportunities are provided equally, regardless of the country in which the employee performs their duties.

4 days
training per employee per year.

5,500 hours
cumulative total of paid training.

88%
employees who attended one or more training courses.

64%
university graduates.

100%
collaborators receiving regular performance appraisals.

'Human capital represents a decisive competitive advantage for Cofinimmo, both in terms of the quality of its client services and its financial and social performance.'

Corporate values

In the course of 2022 Cofinimmo renewed its values. 'We care, we connect and we commit' are the 3 corporate values and foundation of its company culture.

These values are a compass for the collaborators daily interactions with each other, the customers and stakeholders. They originated out of a culture review during which the group's staff expressed their personal beliefs, convictions and motivators. The outcome allowed essential behaviours to be defined to realise Cofinimmo's inspiring business purpose.



we care

We genuinely care about people, stakeholders and the planet.



we connect

We reach out to each other and work together to achieve more.



we commit

We are agile, committed to creating value and delivering results.

Employee safety and well-being

Recruiting strong candidates is good. Making them want to stay is even better. For the current generation, the vast majority of workers claim, above all else, to seek fulfilment in their work.

In response, Cofinimmo has implemented a series of measures aimed at creating the best possible conditions for employee performance and well-being.

On-boarding

On arrival, new employees receive a welcome pack that sets out the workplace safety standards and other practical measures. Employees are individually welcomed by the human resources manager and by the members of the executive committee.

Information sessions are organised on a regular basis to allow all employees to discuss matters with members of the executive committee.

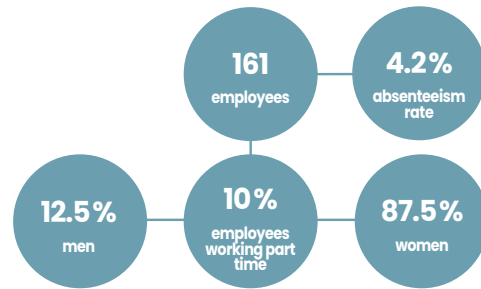
In 2021, as part of the company's continuous improvement efforts, a survey on internal communication was conducted, which led to a communication and internal interaction plan that has been fully implemented.

Informing employees also involves the following actions:

- maintaining physical and digital information channels;
- organising time to interact with other employees;
- informing employees of their safety-related rights and obligations.

Employees were also asked to express themselves through an engagement survey. The survey showed that 66% of employees are happy and feel good within Cofinimmo, and that 73% feel they have good relationships with their colleagues, which is in line with the average. The action points are related to internal communication and the development of human capital.

In 2022, the engagement of Cofinimmo's employees was also measured through the Investors in People Survey and Interviews. In total, 71% of the staff participated. The outcome was a Gold award, which only 16% of organisations worldwide hold. This is a positive recognition of the company's commitment and passion to empower people and provide them with an engaging business environment.



Resilience






Cofinimmo pays close attention to mental health and issues related to stress at work. Workplace stress, which is all-too-common in the business world, can have severe consequences. It may lead to burnout and result in prolonged absences. For the employer, this causes organisational disruption and generates additional costs. In 2022, the total absenteeism rate was 4.2%, which is an improvement compared to previous years.

Depending on the countries where we operate, we put in place benefits like home day-care service for sick children or childcare vouchers. The objective is to give parents the opportunity to improve their work-life balance, by sending a qualified person to take care of their sick child(ren) on a short-term assignment until the parents have found another solution, while the child(ren) remain in familiar surroundings. Child care costs incurred under this programme are fully covered by Cofinimmo.

The flexible work arrangements offered to all employees, are primarily used by women, but uptake among male employees continues to increase. Cofinimmo's support for flexible work arrangements is primarily reflected in the part-time status granted to one in ten employees. Part-time employees are mainly women, but also include some male employees. As work-life balance is essential to employees' professional well-being, flexible work arrangements were also introduced to allow employees to adjust their working hours to their individual constraints and/or obligations. In addition, all employees have the option to obtain a short-term and/or long-term reduction in working hours for educational purposes and/or to care of a loved one. In 2022, 10% of employees had flexible working hours in 15 different schedules in Belgium.

'The good health of a company is closely related to the motivation and productivity of its employees.'

Governance

Organisation / institution	Rating / certification	Initial rating	Evolution		
	2022 AA' (on a scale going from CCC to AAA)	BBB 2013	A 2020	AA 2021	AA 2022
	2022 Prime with a score of C (on a scale going from D- to A+) Industry average D+	D 2013	C- 2020	C 2021	C 2022
	2022 49 Real estate sector average 25	22 2019	44 2020	49 2021	49 2022
	2022 56% (Robust) Cofinimmo ESG Performance (sector average performance) Environment: 58% (41%), Social: 50% (34), Governance: 64% (47%)	58% 2019	59% 2020	58% 2021	56% 2022
	2022 Solactive Europe Corporate Social Responsibility Index	EU Excel. 2018	EU Excel. 2020	EU Excel. 2021	EU CSR 2022

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► Office building equipped with medical centre Trône/Tron 100 - Brussels (BE)

Economic value generated and distributed in 2022 (x 1.000 EUR)

Economic value generated	Economic value distributed
+ 335,018 Customers	- 27,836 Personnel
- 37,604 Suppliers of goods and services	- 138,757 Shareholders
+ 297,414 Generated value	- 34,744 Financial expenditure
	- 13,711 Public sector
	- 215,047 Distributed value

+ 82,367

Economic value retained within the group

Profitability for investors and access to capital

To fulfill its responsibilities and pursue its activities, Cofinimmo must consider its profitability.

Linking financial and ESG strategy

Profitability provides a measure of efficiency and also of the value that customers see in Cofinimmo's products and services. It is a determining factor for the allocation of resources and the protection of investments on which the company's growth and continued delivery of services depend. Cofinimmo would not be able to fully fulfill its financial and societal roles without sufficient profits and a stable financial base. Sustainable finance instruments have become a means no longer to grow but to survive. The annual report on the green & social portfolio indicators can be found in the chapter 'Financial resources management' on pages 95-100.

Clear commitment through external policies

Transparency is a driver for good governance. That is why Cofinimmo decided to review external policies in 2022. Following this review certain policies have been updated and new policies have been introduced (like the anti-bribery, fraud and money laundering policy). The next step is to bring these policies to life through internal procedures and training sessions for all collaborators.

Reporting compliance

Cofinimmo has adopted the performance indicators advocated by the European Public Real Estate Association (EPRA). These 28 indicators correspond to 21 GRI Standards drawn from the Global Reporting Initiative (GRI) and provide a clear picture of company performance year over year.

Following the final approval by the Council of the EU, the application of the corporate sustainability reporting directive (CSRD) has been delayed and becomes mandatory for Cofinimmo for reporting in 2026 on the financial year 2025. However, Cofinimmo has already integrated sustainability indicators in its management report since 2010. The group supports the evolution towards standardised reporting and will continue, as started on a voluntary basis, to deliver externally assured sustainability information.



► Office building The Gradient - Brussels decentralised (BE)

'Transparency is a driver for good performance. That's why Cofinimmo decided to review external policies in 2022.'

► Committed more than ever to caring, living and working in a sustainable way

2021 sustainable growth award

Cofinimmo was granted the 2021 Sustainable Growth Award by Euronext Brussels on 18.01.2022. This distinction is based solely on measurable data and rewards companies listed on Euronext Brussels that have shown strong sustainable growth over the last decade. The ranking combines the ESG score (determined by three specialised companies: Refinitiv, Sustainalytics and Vigeo Eiris) with stock price performance over the last ten years.

Bel ESG and Top SBTi 1.5° ESG Bond Issuer

More recently, Cofinimmo has been selected by Euronext to be part of 'Top SBTi 1.5° ESG Bond issuers' was included the new Euronext Bel ESG index.



EMPOWERING  SUSTAINABLE GROWTH

BEL ESG
by Euronext



► Nursing and care home - Vigo (ES)