

Housing with care

2020 Sustainability Report



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Aedifica at a glance

KEY FACTS AS OF 31 DECEMBER 2020

UNITED KINGDOM

96 sites
>6,200 residents
268,000 m²
€633 m fair value

FINLAND

172 sites
2,500 residents &
9,200 children
189,000 m²
€719 m fair value

SWEDEN

5 sites
12 residents &
400 children
4,700 m²
€20 m fair value

BELGIUM

82 sites
>8,300 residents
495,000 m²
€1,151 m fair value

GERMANY

75 sites
>7,400 residents
434,000 m²
€634 m fair value

NETHERLANDS

66 sites
>3,100 residents
360,000 m²
€516 m fair value



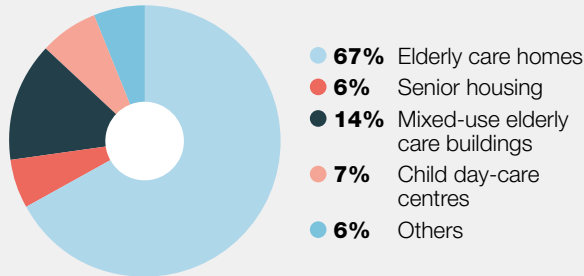
496 sites
>27,600 residents
& 9,600 children
1,751,000 m²
€3,673 m fair value

“Over 15 years, our total portfolio grew by an average annual growth rate of 28% to €3.8 billion, making us one of the largest listed healthcare real estate investors in Europe.”

Charles-Antoine van Aelst, CIO



**Breakdown of building types
in fair value (%)**



70%
of our properties are measuring water and energy consumption



57%
of our assets incl. (re)developments have an EPC



-41%
carbon emissions per FTE compared to 2019

OUR TEAM



105
employees

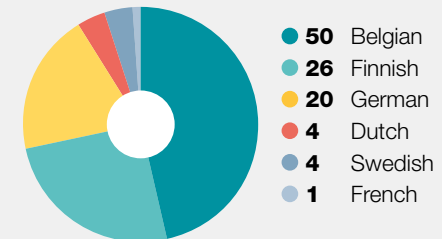


42 years
average age



99
FTE¹

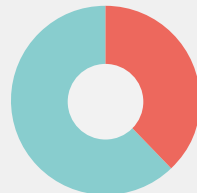
Nationalities



“At Aedifica, we are committed to creating an inclusive work environment and welcome diversity in all its forms: age, gender, cultural background, religion, etc.”

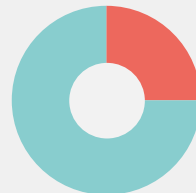
Ingrid Daerden, CFO

Board of Directors



women **4 (36%)**
men **7 (64%)**

**Gender diversity
Executive Committee**



women **1 (25%)**
men **3 (75%)**

Employees



women **42 (40%)**
men **63 (60%)**

1. Full-time equivalent.

Letter to the stakeholders



2020 was a challenging year for everyone involved in the healthcare sector, as they were the first in line to face the Covid-19 pandemic that affected the whole of society. However, there is cause for optimism and hope in the sector's unprecedented resilience and, above all, in the vaccination programmes that have been rolled out across Europe in the past few months. Now, more than ever, we have to assume our responsibility and live up to our company's mission: to help Europe's (ageing) population to live in dignity and comfort by offering innovative housing and care concepts that allow people to receive care in the way they prefer.

We are committed to meeting society's needs in an environmentally responsible manner. That is why Aedifica subscribes to the objectives of the Paris Agreement, which aims to limit average global warming to well below 2°C above pre-industrial levels. As part of this effort, our action plan has been updated and a pathway is being developed to achieve net zero emissions for our portfolio by 2050.

The road to net zero greenhouse gas emissions will be long and require significant effort. Not just from Aedifica, but from all the partners in our value chain. Intensive cooperation with our tenants will be required to ensure success. To lead the way, we will double down on our promise to reduce corporate emissions by 2025 and cut them by 20% instead of the previously announced 10%.

In the meantime, we also continue to work diligently on the other sustainability objectives in our action plan. The progress we achieved in 2020 and the adjustments we made to the plan can be tracked on pages 13 and 14.

One important change implemented over the past year is the use of EPCs¹ to determine the quality of the buildings in our portfolio. They will be an essential tool in our path towards a more energy efficient portfolio. An account of how we started mapping our current certificates is given on page 39.

In 2020, we also changed the way our Sustainability Committee works. We set up a Steering Committee and three working groups to ensure a structured dialogue on sustainability topics among all Aedifica teams across Europe. Three out of five Executive Committee members are now part of the Sustainability Committee, highlighting the importance of corporate social responsibility as an integral part of our business strategy.

We continued our efforts to improve the well-being of our employees. More information about the initiatives we undertook for them during the pandemic is provided on page 19. In addition, we have also drawn up a number of new policies, delivering on our promise of transparent, ethical and sound corporate governance. You can find out more about this on pages 34 and 35.

I invite you all to read our new sustainability report and in particular our action plan to be implemented by 2025. I am proud of what we have achieved so far and look forward to our journey towards a more sustainable future. I sincerely hope you will join us on that journey.

Stefaan Gielens
Chief Executive Officer

1. Energy Performance Certificates.

"Aedifica aims to achieve net zero GHG emissions by 2050. To that end, a pathway highlighting intermediate milestones is being developed."

Stefaan Gielens,
CEO

Aedifica cares

- about its residents and their housing needs
- about our long-term relationship with operators and authorities
- about our employees and their well-being
- about our shareholders
- about our planet

Sustainability strategy

“In close cooperation with our operators, we are investing in sustainable and innovative care concepts that put residents centre stage and give them the space to receive care in the way they prefer.”

Stefaan Gielens, CEO

3.1 Materiality



ANALYSIS

2018 was the year in which we laid the foundation for our sustainability strategy. Together with an external consultant, we mapped all the main sustainability issues that are relevant to the healthcare real estate industry.

This research resulted in a list of topics that covered the international framework of the Sustainability Accounting Standards Board (SASB), the European Public Real Estate Association (EPRA) and market research into topics of material interest to the sector undertaken by the French OI (Observatoire de l'Immobilier Durable).

The end result is a materiality matrix in which the position of each topic is based on two questions:

- How important is this topic to our stakeholders?
- What is the impact of the topic on Aedifica, taking into account all the associated risks and opportunities?

The position of each topic on the matrix was determined by the management and employees of Aedifica.

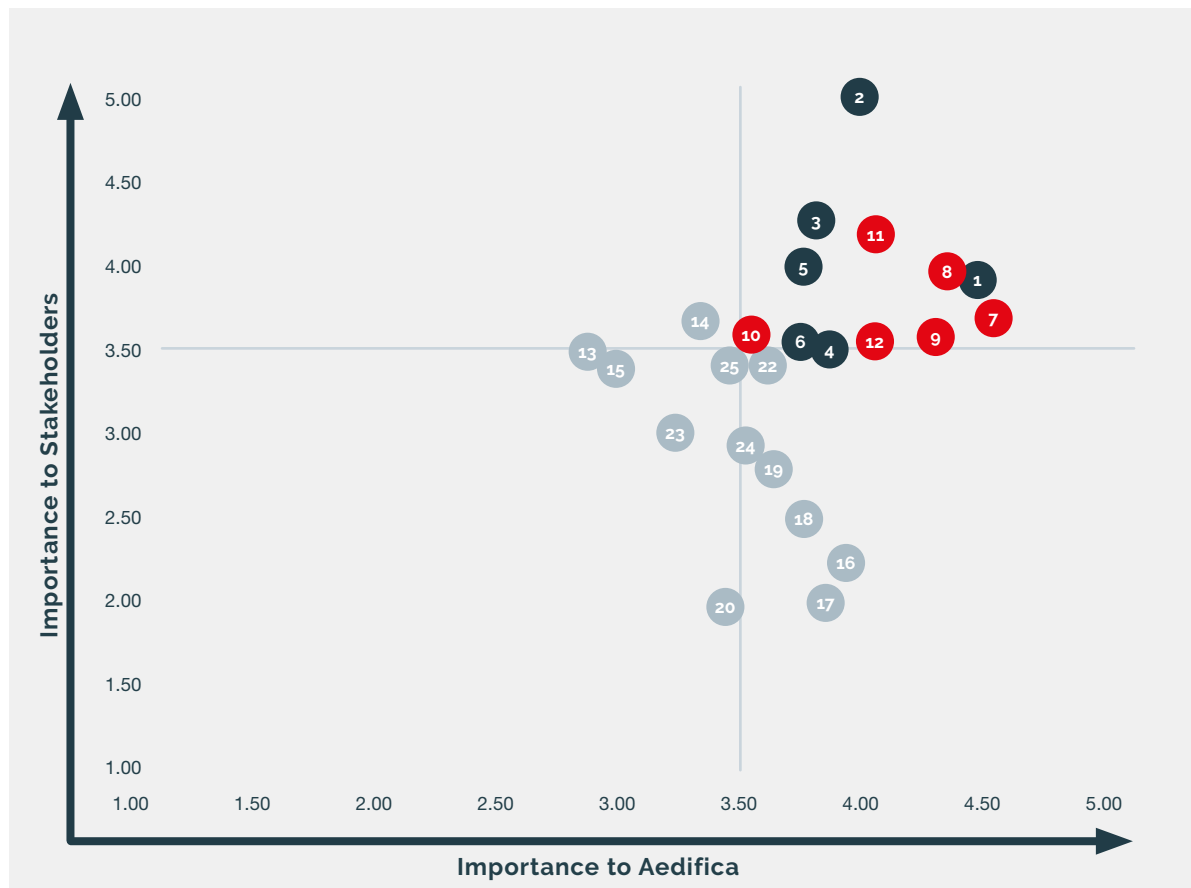
OULUN RUISMETSÄ –
CHILD DAY-CARE
CENTRE IN OULU (FI)



KEMPELEEN IHMEMAANTIE –
CARE HOME IN KEMPELE (FI)

MATERIALITY MATRIX

The figures highlighted in dark blue (portfolio-specific topics) and red (corporate-specific topics) in the materiality matrix below, highlight the topics that are most material to Aedifica. The majority of our sustainability efforts will focus on these topics. The figures in grey represent topics that are relevant to our industry, but that are considered less material for Aedifica. This does not mean that we are not interested in these matters or that we won't focus on them at all. It means that Aedifica's efforts would not be as impactful considering our day-to-day operations.



Here is a list of the material topics¹, with a colour legend reflecting the nature of the topic:

**economic, environmental,
social, governance**

Portfolio-specific topics

- 1 Housing operators' satisfaction, service quality
- 2 Life cycle assessment of new developments
- 3 Energy management
- 4 Climate change adaptation
- 5 Risk management, incl. social and environmental risks
- 6 Innovation in buildings

Corporate-specific topics

- 7 Employee well-being at work
- 8 Ethics, compliance and integrity
- 9 Talent development
- 10 Stakeholder relations
- 11 Mobility
- 12 Diversity

1. Other topics mapped: 13/ Sustainable (CSR/Green) financing, 14/ Client (operator) health & safety, 15/ Aesthetics, respect for the public space and mixed character of neighbourhoods, 16/ Human rights, 17/ Labour rights at building contractors, 18/ Transparent remuneration and compensation, 19/ Diversity in the BoD, 20/ Responsible, green procurement, 21/ Management of operators' sustainability impacts, 22/ Carbon footprint, 23/ Water management, 24/ Waste management, 25/ Certificates.

3.2 Aedifica and the SDGs

All over the world, the Sustainable Development Goals of the United Nations are considered the best blueprint for a better and more sustainable future for us all. Seventeen Sustainable Development Goals and 169 subgoals address the major challenges we face globally.

Covering a wide range of sustainable topics such as poverty, health, education, climate change and environmental degradation, the SDGs are a call for governments, organisations and civil society to take action.

Aedifica applies the SDGs as an overarching framework to shape its sustainability strategy. We have selected seven SDGs on which to focus our efforts (see diagram).

Next to its public commitment to the SDGs, Aedifica has endorsed the UN Global Compact, the UN initiative for corporate social responsibility, and its principles in the areas of human rights, labour, environment and anti-corruption.



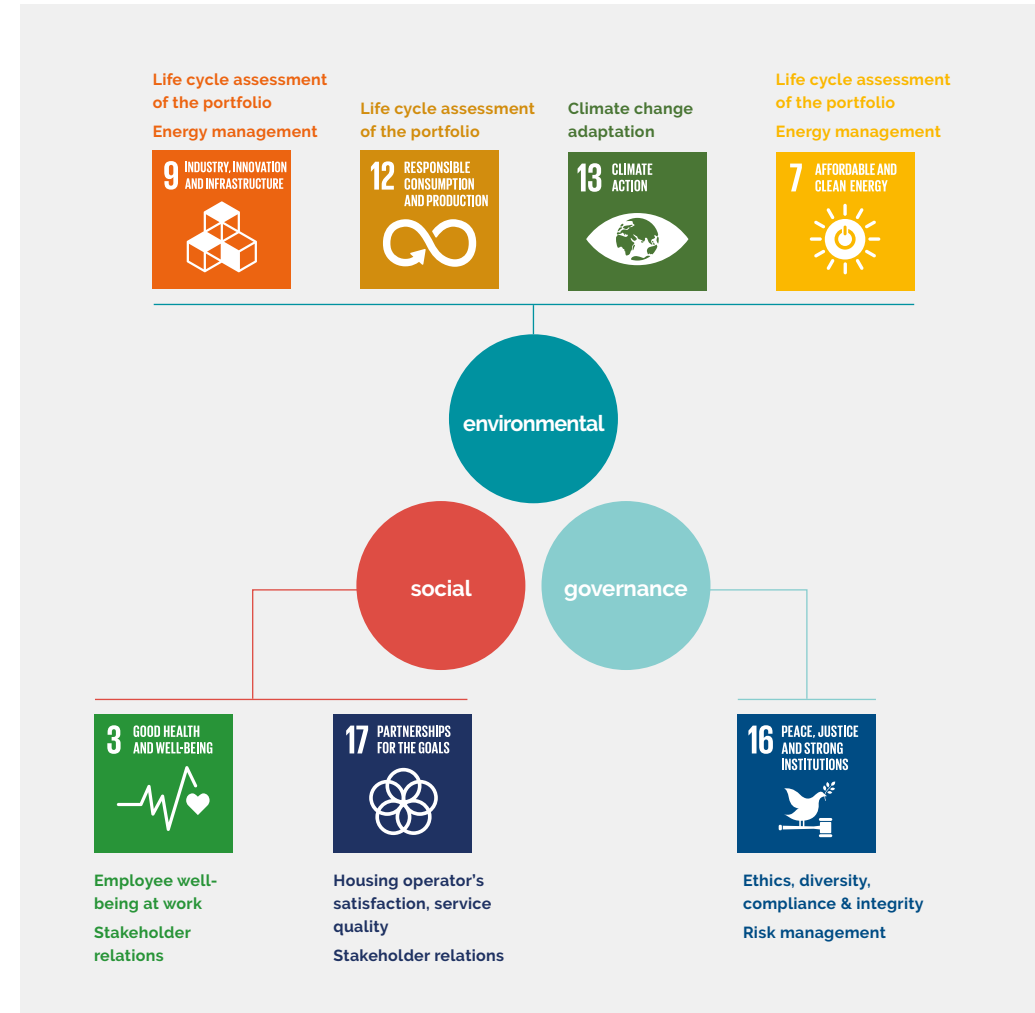
3.3 Sustainability framework

We have aligned the selected material topics with the selected SDGs to shape our sustainability framework.

This framework is used as the foundation for a sound plan that includes actions, priorities and KPIs for each material topic.



VILLA TEMPORIS –
CARE HOME IN HASSELT (BE)

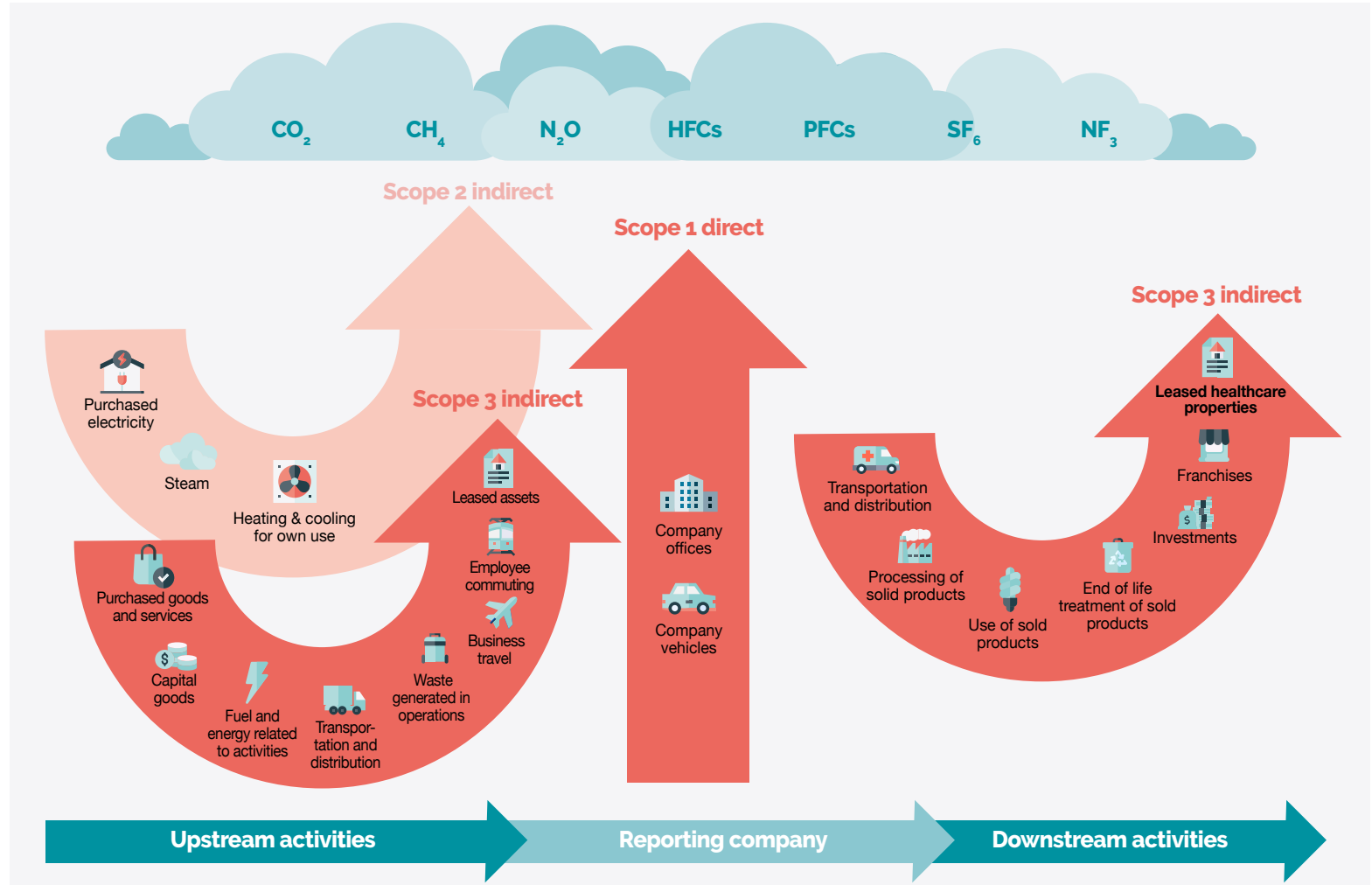


3.4 Aedifica's emission scope

While ESG is not just about energy, the limitation of global warming will largely depend on eliminating further greenhouse gas emissions as a result of energy consumption. Aedifica is committed to the Paris Agreement's goal of net zero emissions by 2050, thereby limiting global warming. In order to achieve this, Aedifica will be implementing a net zero carbon pathway in the near future.

Net zero greenhouse gas emissions refer not just to our direct emissions (scope 1), but also to our indirect emissions (scopes 2 and 3). A large proportion of our company-wide emissions relate to scope 3 downstream emissions (mainly energy consumed by operators and residents) which are more difficult to control. This will require a comprehensive approach and cross-company cooperation, as will be outlined in the pathway.

However, a short-term reduction target of 20% by 2025 has already been set for our scope 1 and scope 2 emissions.



3.5 Ambition statement



As evidenced by our tagline ‘housing with care’, the concept of ‘care’ is deeply embedded in Aedifica’s DNA. We care about our residents and want to offer them innovative housing concepts that are tailored to their needs and improve their quality of life. Aedifica is committed to delivering on that promise in an environmentally and socially responsible way, by accelerating its sustainability efforts in three areas: environmental, social and governance issues.

- We aim to achieve net zero emissions for our entire portfolio by 2050 to meet the goals of the Paris Agreement. We will reduce our environmental footprint and those of our customers by (re)developing energy efficient buildings, investing in energy-efficient installations, and engaging with our tenants to reduce their energy consumption.
- We will invest in our employees’ well-being by encouraging them to learn and develop themselves and by creating a healthy workplace that embraces diversity. We will reach out to our stakeholders by starting a community engagement programme.
- We will uphold our corporate transparency and our high ethical business standards, while expecting the same from our stakeholders.

At Aedifica, we see sustainability as an opportunity to apply our care philosophy to every aspect of our business and we are ready to move forward towards a more sustainable future.

Mr Serge Wibaut
Chairman of the Board of Directors





Mr Stefaan Gielens
Chief Executive Officer

At Aedifica, we see sustainability as an opportunity to apply our care philosophy to every aspect of our business and we are ready to move forward towards a more sustainable future.

LEFT
HUIZE DE COMPAGNIE -
CARE RESIDENCE IN EDE (NL)

3.6 Action plan

We have carefully defined an action plan with objectives that are to be reached by 2025 at the latest. These objectives mark the first phase of Aedifica's net zero carbon pathway. As indicated, some of the objectives have been updated and one new objective has been added.

Aedifica materiality	Actions (AED)	Portfolio/HQ	Date	Current status	KPIs
Environmental					
Lifecycle assessment of the portfolio - toward a net zero future	Include energy performance of buildings in assessment of potential investments - acquisitions, developments and redevelopment - as well as divestments	Portfolio	2023	Ongoing	Implement new ESG criteria for all investment decisions by 2023
	Set up sustainability requirements for external suppliers and service providers	Portfolio and HQ	2021	Implementation prepared	Define standard terms to be included in contracts
	Perform recurring analysis on the technical maintenance condition of the buildings following the NEN 2767 ¹ standard	Portfolio	Recurring	Ongoing (2020 = 56%)	% of buildings for which NEN2767 has been reviewed in past 24 months
	 ² Use EPC (or similar) standard for determining energy use intensities. These will be the basis for developing business plans toward net zero emissions per asset. Achieve EPC coverage of 80% of the portfolio.	Portfolio	2023	Ongoing (2020 = 57%)	% of assets with EPC
	 ³ Set up sustainable development framework	Portfolio	2023	To be initiated	Framework implemented for new development contracts
Climate change adaptation	 ² Reduce landlord emissions (scope 1 and scope 2) by 20%	Portfolio and HQ	2025	Ongoing	% CO ₂ decrease measured per employee
	 ² Recurring analysis using sustainability framework - part of our building assessment - for each of our buildings	Portfolio	Recurring	Ongoing	% of buildings for which sustainability framework has been reviewed in past 24 months
Energy management	Encourage tenants to procure electricity from renewable energy sources	Portfolio	2025	Ongoing (2020 = 18% of assets)	% of portfolio (weighted by m ²)
	Target energy monitoring of 80% of the portfolio in cooperation with our tenants. Tenants will be provided with feedback on these numbers	Portfolio	2025	On track (2020 = 70%)	Data coverage

1. Dutch technical standard, internationally acknowledged.

2. ADJ: Adjusted action.

3. NEW: New action.

Aedifica materiality	Actions (AED)	Portfolio/HQ	Date	Current status	KPIs
Social					
Employee wellbeing at work	Organise annual employee survey and set up working group for implementing subsequent action plan	HQ	Recurring	✓ (2020 = 50%)	Participation rate
Stakeholder relations	Run a well-being programme for employees	HQ	Continuous	Ongoing (2020 = 5.3%)	% of absenteeism
Housing operator's satisfaction, service quality	Organise a tenant satisfaction survey	Portfolio	September 2020 recurring	✓ (2020 = 42%)	Participation rate
Stakeholder relations	Our care homes provide a pivotal role in communities and between generations, allowing residents and their families to meet and interact and host services for residents and the neighborhood. Beyond investing in these, Aedifica is supporting specific community engagements initiatives and supports volunteering initiatives	HQ	2020	Ongoing (2020 = 13 actions; €50,000)	# of actions/ € donated
Talent development	Set up (short) in-house trainings for all employees, to create company-wide awareness on Aedifica's sustainability approach and goals, including environmental issues	HQ	2021	Ongoing	# of trainings organised
	Offer a training programme to employees	HQ	2020	✓ (2020 = 70%)	% of employees followed a course
Governance					
Ethics, diversity, compliance & integrity	Maintain an agile & diverse (expertise, gender, age) governance model	HQ	Continuous	✓	-
	Implement environmental, human rights & anti-bribery/anti-money laundering policy	HQ	2021	On track	Policies being implemented
Risk Management	Assess to incorporate climate change risks into risk management strategy and processes	HQ	Continuous	✓	-

3.7 Sustainability Committee

In November 2018, a Sustainability Committee was established at Aedifica, which was restructured in 2020. The Sustainability Committee now includes a Steering Committee and three working groups undertaking their respective actions listed in our action plan and reporting to the Steering Committee. The composition of the Steering Committee is designed to ensure that all the actions we implement stem from our core business and are as efficient and impactful as possible owing to the expertise of its members.

The Steering Committee's role is to:

- evaluate and manage risks and opportunities related to climate change;
- propose specific and economically reasonable measures to improve the environmental performance of the company, its portfolio and, by extension, the spaces occupied by its tenants;
- ensure that the Group complies with legal, national and international environmental requirements;
- follow up on the implementation of the Group's environmental strategy in all business segments, in collaboration with the operational teams;
- promote dialogue with all stakeholders in order to determine which efforts must be made and to develop long-term partnerships that will increase the positive impact of the actions implemented;
- communicate the Group's achievements to all stakeholders.

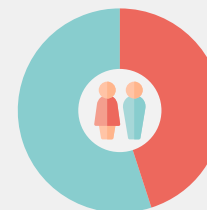
The members of the Sustainability Steering Committee are:

- **Stefaan Gielens**, CEO and Board Member
- **Ingrid Daerden**, CFO and Board Member
- **Raoul Thomassen**, COO
- **Maarten Terryn**, Senior Technical Manager Europe
- **Heinz Beekman**, Country Manager Germany
- **Ineke Dens**, HQ Legal Manager
- **Delphine Noirhomme**, Investor Relations Manager
- **Werner Dignef**, HR Manager
- **Joke Ral**, CSR Coordinator

Exchanging experiences is fundamental to making a difference and implementing changes. Depending on the topics raised, guests are invited to join meetings of the Sustainability Steering Committee. By establishing a structured dialogue between Aedifica's local teams and the head office, country managers are included on a regular basis to allow all the teams to be kept up to date on Aedifica's sustainability strategy and vice versa, so as to ensure that our strategy takes account of the expectations of local stakeholders.



Gender diversity in the
CSR Committee



● women 4 (45%)
● men 5 (55%)

ABOVE
KLEIN VELDEKENS -
CARE CAMPUS IN GEEL (BE)

3.8 Key Sustainability Achievements 2020

MAPPING OF EPC CERTIFICATES

Aligning our real estate portfolio with our sustainability goals will require renovating/redeveloping part of our portfolio. In 2020, we started to identify which buildings require additional investments in a structured way by mapping out our portfolio's EPC certificates. In a second phase, we will assess how we can improve energy efficiency and thereby upgrade our EPC score by investing in energy-efficient installations, improved insulation and other solutions in underperforming buildings.

HOIVATILAT IS A 'GREAT PLACE TO WORK'

In the 2020 survey by the Great Place to Work Institute, Hoivatilat ranked as the 5th best workplace in Finland (amongst small companies). Thanks to the teams' continued efforts regarding corporate culture, Hoivatilat posted a 'Trust Index' score of 96 – its best ever result in a challenging year. The average 'Trust Index' score for Finnish workplaces is 56.

SOUND PERFORMANCE IN SUSTAINABILITY BENCHMARKS

Aedifica drew accolades for its sustainability strategy and efforts in the field of corporate social responsibility in 2019. Our sustainability report was awarded the 'EPRA sBPR Gold Award', having already won an 'EPRA sBPR Silver Award' and the 'EPRA sBPR Most Improved Award' the year before. In addition, we achieved a green star rating after participating in the Global Real Estate Sustainability Benchmark (GRESB) for the first time.

CONSUMPTION DATA COVERAGE OF 70%

Aedifica does not operate the properties it owns and is therefore fully reliant on tenant cooperation for gathering consumption data. For the period under review, we have been able to collect already 70% of the properties' energy and water data and are well on track to achieve our goal of reaching 80% data coverage by 2025.

SUSTAINABLE FINANCE FRAMEWORK

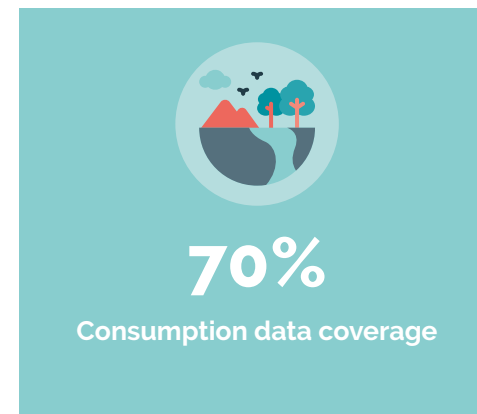
In order to strengthen Aedifica's commitment to achieving the objectives of its ESG plan, we developed a Sustainable Finance Framework. The proceeds from the financial instruments that will be issued under this framework will be used exclusively for the (re)financing of sustainable buildings, projects regarding energy efficiency and projects of a social nature.

"Thanks to our ambitious ESG action plan, we will continue to make progress on corporate social responsibility in the coming years. As a result of this constant effort, we will also improve our GRESB result."

Raoul Thomassen, COO

NEW POLICIES FOR MORE TRANSPARENT CORPORATE GOVERNANCE

In 2020, Aedifica drew up a number of new policies, delivering on our promise of transparent, ethical and sound corporate governance. We developed an **environmental policy**, contributing towards a culture of environmental awareness and outlining Aedifica's aims and principles in relation to managing the environmental effects and aspects of its operations. In addition, we developed an **anti-bribery and corruption policy** and an **anti-money laundering policy**. In 2020, we also worked on a new and simple **remuneration policy**, which entered into force on 1 January 2021 and will meet the highest standards of good governance.



1. Aedifica's Finnish subsidiary that develops innovative housing and care concepts in Finland and Sweden.

BELOW
LAHDEN JAHTIKATU –
CHILD DAY-CARE CENTRE
IN LAHTI (FI)





Our stakeholders

**"Social sustainability is one of
our fundamental drivers. We
want to create added value for
society as a whole."**

Stéfaan Gielens, CEO

4.1 Stakeholder engagement



Stakeholder	Mode of engagement	Frequency	Main topics / Expectations
Employees	<ul style="list-style-type: none"> - Performance appraisal - Employee survey - Day-to-day communication 	<ul style="list-style-type: none"> - Annually - Annually - Daily 	<ul style="list-style-type: none"> - Labour conditions and benefits - Employee well-being - Employee satisfaction and engagement - Corporate performance - Personal performance - Personal development, training and development - Job promotion - Brand and values - Community involvement
Operators	<ul style="list-style-type: none"> - Site visits - Buildings condition check - One-to-one meetings - E-mail exchange - Events 	<ul style="list-style-type: none"> - Quarterly - Annually - Continuous informal contact 	<ul style="list-style-type: none"> - Permits - New developments - Energy and water consumption - Occupation rate - Building conditions and relevance
Shareholders	<ul style="list-style-type: none"> - General assembly - Investor relations contact 	<ul style="list-style-type: none"> - Regularly/Quarterly 	<ul style="list-style-type: none"> - Corporate performance - Corporate governance questions - Role in society
Authorities	<ul style="list-style-type: none"> - Industry roundtables - One-to-one meetings - Compliance screening 	<ul style="list-style-type: none"> - Occasionally 	<ul style="list-style-type: none"> - EU taxonomy - RREC¹ regulation
Financial institutions	<ul style="list-style-type: none"> - Key account managers - Roundtables/events 	<ul style="list-style-type: none"> - Regularly 	<ul style="list-style-type: none"> - Long-term financing - Risks - Corporate financial performance
Suppliers and business partners	<ul style="list-style-type: none"> - One-to-one meetings - Project development - Tenders 	<ul style="list-style-type: none"> - Regularly 	<ul style="list-style-type: none"> - Project development - Compliance with elderly healthcare standards - Health and safety - Environmental impact
Associations, industry organisations	<ul style="list-style-type: none"> - Membership meetings - Thematic events - One-to-one meetings 	<ul style="list-style-type: none"> - Occasionally 	<ul style="list-style-type: none"> - Regulation - Market trends
ESG analysts	<ul style="list-style-type: none"> - Assessment questionnaires - Thematic events - One-to-one meetings 	<ul style="list-style-type: none"> - Annually 	<ul style="list-style-type: none"> - Questions, expectations regarding licence to operate - ESG assessment - Community involvement
Society	<ul style="list-style-type: none"> - Internet - Various communication channels (press release) - Schools, universities - Social media (LinkedIn, Twitter) - Memberships 	<ul style="list-style-type: none"> - Regularly/monthly 	<ul style="list-style-type: none"> - Corporate performance - Role in society - Role of women in management - Community involvement
Residential and non-residential care clients	<ul style="list-style-type: none"> - Community engagement programme 	<ul style="list-style-type: none"> - Occasionally 	<ul style="list-style-type: none"> - Role in society - Community involvement - Research (future) needs

4.2 Our employees

EMPLOYEE HEALTH AND WELL-BEING

Due to the Covid-19 pandemic, employees had to work entirely from home as of March 2020. From the start, Aedifica went to great lengths to facilitate homeworking as much as possible. Employees who did not yet have a laptop quickly obtained one, so everyone was able to meet virtually and remain in contact easily and efficiently. The team was equipped with state-of-the-art headsets and a monthly premium was distributed to cover home office costs. The efforts have paid off, as the Group has managed to convert seamlessly to home working in a very short period of time, while remaining fully operational.

All employees were offered reusable cloth face masks to help them keep safe in and outside the office. During the short periods when we were allowed to return to the office under certain restrictions, everything was provided to ensure a safe environment in which distance was guaranteed and hygienic precautions were taken.

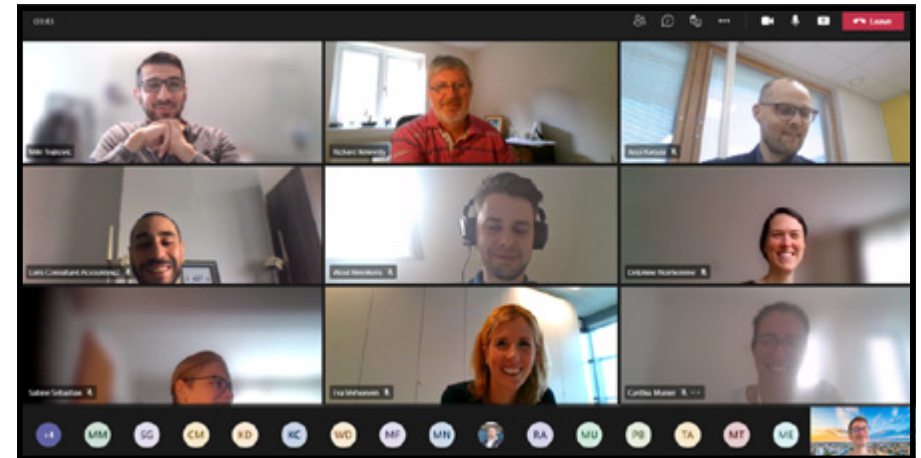
Sadly, there were no team events, only online events. Even though colleagues weren't able to meet each other physically, efforts were made to ensure that homeworking was as pleasant and motivating as possible, ranging from virtual coffee breaks and online trivia games to weekly news letters and Easter gifts delivered at home. The coronavirus derailed our plans for bi-annual team events where Aedifica's employees can meet and connect. However, thanks to the vaccination programmes that are currently being rolled out across Europe, we can start making new plans. Aedifica's base camp is all set up to give the team a warm welcome again.

Aedifica's pandemic efforts

- 100% homeworking
- Home office equipment
- Monthly home office premium
- Reusable & disposable face masks
- Virtual team events
- Survey to understand staff experiences during the pandemic

What's next?

- Update of homeworking policy, inspired by our staff's experience



LEFT
AEDIFICA'S BASE CAMP

RIGHT
ONLINE MEETINGS

Homeworking survey

In August 2020, following the first wave of the Covid-19 pandemic, we launched an employee survey to assess how our staff was coping with homeworking and identify their needs.

The results of the survey, which showed a largely positive experience, will be taken into account in the update of Aedifica’s homeworking policy, which is currently underway.

- Our employees felt they had the technology and equipment they needed to stay connected to their colleagues and be as productive as they were in the office.
- Almost all team members felt a positive impact on their work-life balance and confirmed they were able to balance professional and personal obligations.
- Although employees felt able to maintain the same level of communication with colleagues and managers, they indicated that they missed informal contact.



There were no work-related accidents or fatalities to report in 2020. We organise regular emergency drills at our headquarters and first aid can be provided whenever necessary.

Employee health and safety (H&S-Emp)	
H&S Emp	2020
Work-related accidents	0
Lost day rate	0%
Absentee rate	5.3%

Employee New Hires & Turnover		
Emp-New Hires & Turnover in 2020	Number	Rate
New hires	24	23%
Employee turnover	7	7%

EMPLOYEE ENGAGEMENT

Similar to last year, Aedifica held an employee engagement survey in 2020. Even though at 50% the participation rate was slightly lower than the year before, the participants said they were proud to work for Aedifica and that they would recommend it as a great place to work. In 2020, the employee satisfaction rate increased to 82% (as compared to 77% in 2019).

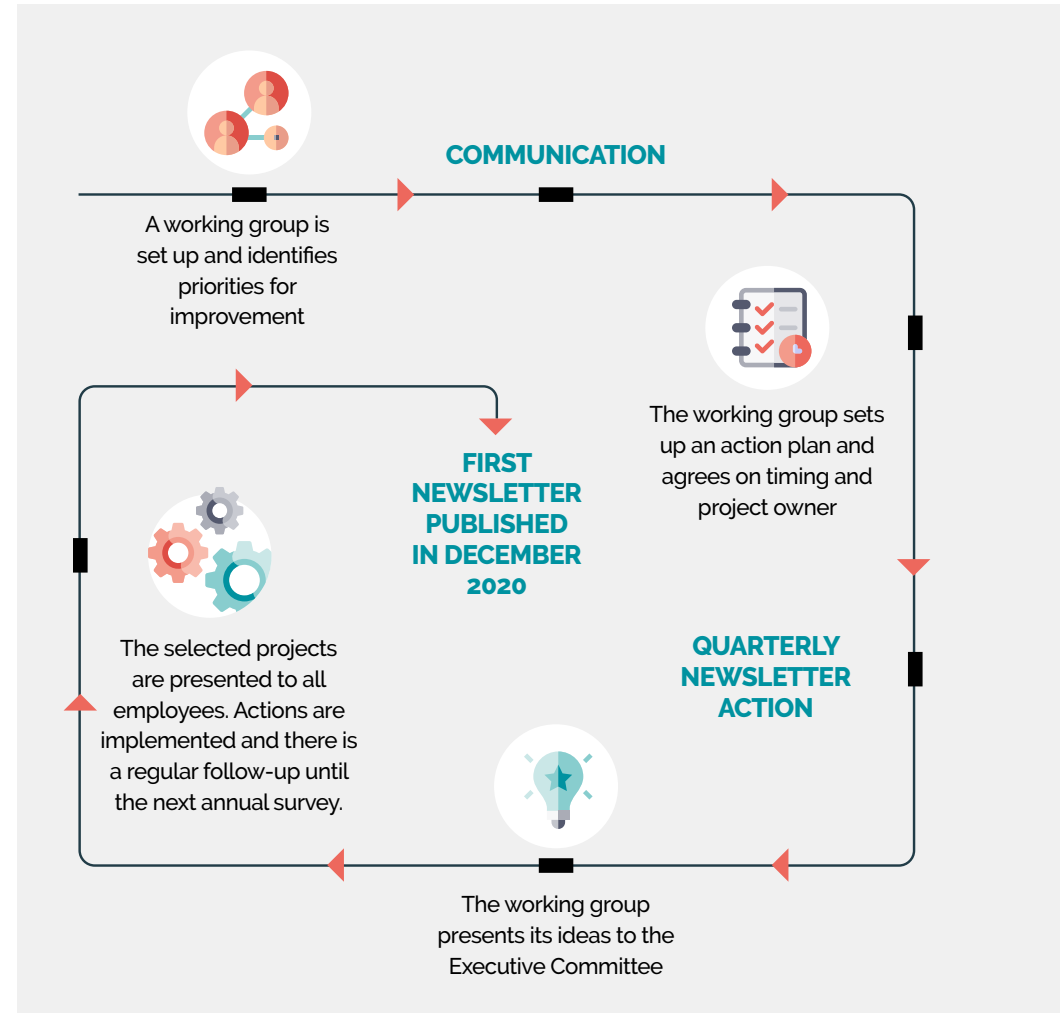
Last year, we announced an employee engagement workflow in which a working group was being set up in response to the results of the 2019 employee survey. It was pointed out that employee satisfaction could be improved by a more structural dialogue between managers and employees, which would increase recognition at work for our staff.

In this context, a first step was taken to improve internal communication by initiating a quarterly newsletter in which our employees receive updates and information about the Group's business (housing & care, transactions, CSR-related issues, etc.). More importantly, by sharing stories from team members across Europe, the newsletter aims to connect the team beyond the national borders and make colleagues feel more involved. The working group is currently developing other ideas, continuously striving for improved employee well-being.



“The majority of all employees indicated that they are proud of the Aedifica brand and that they would recommend Aedifica as a great place to work.”

Sven Bogaerts, CLO/CM&AO



A GREAT PLACE TO WORK

In the 2020 survey by the Great Place to Work Institute, Hoivatilat emerged as the 5th best workplace in Finland amongst 150 participants. Thanks to the team's continued efforts regarding corporate culture, Hoivatilat posted a 'Trust Index' score of 96 – its best ever result in a challenging year. The average 'Trust Index' score for Finnish workplaces is 56.

"I am proud that despite the pandemic, the survey showed that our team perceived management to be more approachable. We will continue to invest in the skills and well-being of our staff and foster our excellent team spirit and caring workplace culture."

Jussi Karjula – CEO Hoivatilat



employees answer
60 questions on five focus
area

3rd participation in the
survey

results have improved
every year



ABOVE
THE FINNISH HOIVATILAT
TEAM AT THE 2019 GREAT
PLACE TO WORK GALA

TALENT DEVELOPMENT

We offer job-specific training such as the post-graduate programmes in (healthcare) real estate at KU Leuven, sustainability training and software trainings (e.g. SAP, etc.). We also organise regular soft skill courses (e.g. Dutch, French or German language classes). In 2020, Aedifica's employees received an average of 20 hours of training per person, slightly less than in 2019 due to the pandemic.

At Aedifica, we have created a workplace culture in which employees receive continuous feedback combined with one formal yearly performance review with their manager. The performance review process is monitored by the Executive Committee. Aedifica actively supports internal staff rotation because it tends to lead to improved skills and a better understanding of our company's culture and internal processes.

"Identifying and further strengthening the incredible talent of our employees is a key priority. Continuous learning and personal development are inherent in Aedifica's company culture."

Ingrid Daerden, CFO

Training and development (Emp-Training)

Emp-Training (1 January - 31 December 2020)	#	%
Total number of employees	105	
Number of employees who followed training	74	70
Total number of training hours	2,097	
Average hours of training per employee	20	
Total number of training hours – women	739	35
Total number of training hours – men	1,358	65

Employee performance appraisals (Emp-Dev)

Emp-Dev	100% of the total workforce receive performance and career development reviews (formalised once a year)
---------	---



Aedifica offers its staff various job-specific trainings and soft skill courses

DIVERSITY

Aedifica's Board of Directors firmly believes that diversity, equal opportunities and respect for every human being are fundamental to the proper functioning of the organisation at every level.

Aedifica's team consists of people with different educational and cultural backgrounds and has a well-balanced gender diversity ratio. Our strong focus on diversity boosts in-house creativity, enriches the internal dynamic within Aedifica and strongly contributes to the Company's growth.

With respect to the composition of its Board and Executive Committee, Aedifica also applies diversity requirements regarding age and professional background.



See page 132 of our 2019/2020 annual financial report for Aedifica's diversity statement.

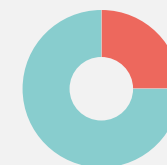
Mixed gender ratio

Board of Directors



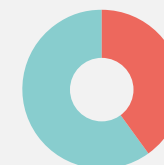
women **4 (36%)**
men **7 (64%)**

Executive Committee



women **1 (25%)**
men **3 (75%)**

Employees



women **42 (40%)**
men **63 (60%)**

Employee gender diversity (Diversity-Emp)¹

Diversity-Emp in 2020	Women		Men	
	(in headcount)	(in %)	(in headcount)	(in %)
Employees ²	42	40%	63	60%
Executive Committee	1	25%	3	75%
Board of Directors	4	36%	7	64%

1. As of 31 December 2020.

2. Including the Executive Committee.



COMPETITIVE REMUNERATION PACKAGE

REMUNERATION

With regard to our HQ, Aedifica functions within the framework of Joint Committee 200 (staff) and all our HQ employees are covered by a non-recurring results linked bonus plan (Collective Bargaining Agreement 90). Their benefits package includes group insurance (pension, death, disability) and hospitalisation insurance (which also covers family members). In addition to lunch allowances and eco vouchers, they are offered a discretionary variable incentive pay. Since 2020, our employees also receive a mobility budget of €50 per person per month. To cover additional costs made due to the Covid-19 pandemic, a premium of €150 was distributed for every month employees worked from home.

Aedifica offers its staff a competitive salary package. No difference is made based on gender, religion or background.

Gender pay ratio (Diversity-pay)

Diversity-Pay in 2020	Number of people	Gender ratio	Number of FTEs	Remuneration % women/men
Employees (excl. Executive Committee)				
Women	42	40%	38.8	83% ¹
Men	63	60%	60.4	
Executive Committee (excl. CEO)²				
Women	1	33%	1	112% ³
Men	2	67%	2	
Board of Directors (excl. CEO & Chairman)				
Women	4	44%	4	100% ⁴
Men	5	56%	5	

1. The gender pay gap can be explained by the increase of the percentage of male employees in senior positions in Aedifica's staff.
2. Ms Laurence Gacoin left the Executive Committee in October 2020 and was not included in this table.
3. The remuneration of our CEO is higher due to the nature of his function, so we excluded him from this table. If we were to include him, the remuneration % for women would be 88%.
4. The remunerations of the CEO and Chairman are higher due to the nature of their functions, so we excluded them from this table. If we were to include them, the remuneration % for women would be 81%.

MOBILITY

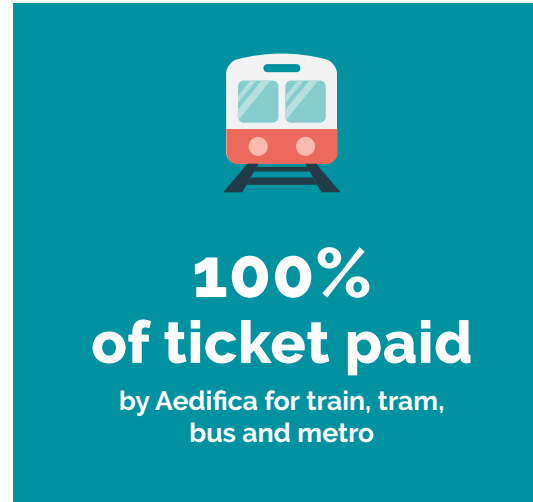
When we decided to move to our new headquarters in 2018, the proximity to railway stations and other public transportation options was essential to us. We developed a comprehensive mobility plan, as we understood that this is an important tool to offer our employees a better work-life balance and to increase their job satisfaction. Within this plan, our employees were offered the chance to work from home occasionally even before the Covid-19 pandemic had started. They were also given an incentive to use public transport or bicycles for their daily commute in the form of a bicycle allowance and a full refund of train tickets.

In 2020, we further strengthened our efforts to improve mobility for our employees and make our car park greener. Each employee with a fixed (open-ended) contract has received a mobility budget of €50 per month. This amount can only be spent on means of transport in the context of commuting (public transport, shared mobility, taxi, etc.).

Since the start of the new car policy in 2020 (as detailed in Aedifica's 2019 sustainability report) nine new cars have been ordered, four of which are hybrid.

RIGHT
LTS WINSCHOTEN –
CARE CAMPUS IN WINSCHOTEN (NL)

BELOW
HAVENZICHT –
CARE HOME IN SCHEEMDA (NL)



	Mandatory monthly contribution	Contribution by Aedifica
Train	80% of the price of the train ticket (second class)	100% of the ticket price
Tram, bus, metro	If the cost of the transport is linked to distance: max. 75%	100% of the ticket price
Bicycle allowance	€0.24/km	€0.24/km

4.3 Our operators

FOCUS ON THE LONG TERM

Aedifica focuses on long-term investments. This significantly influences the type of facilities we buy or develop, but also the type of relationship we want to build and maintain with our operators. This is why at the start of a project, we always begin by analysing an operator's business plan.

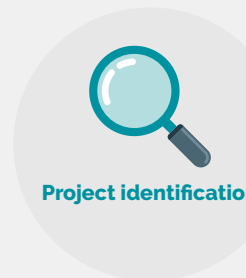
We typically enter into triple net long leases with care home operators. This implies that these operators are responsible for the day-to-day management and maintenance of the buildings. We, on the other hand, focus fully on the optimisation of the buildings and the relationships with our operators. We continuously follow trends and research the needs of (future) care home residents so that we can direct our healthcare real estate investments accordingly.

CUSTOMER SATISFACTION

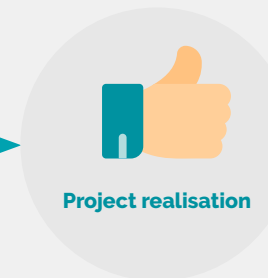
In 2020, we launched a survey to measure tenant satisfaction. 36 of our care operators participated in the tenant survey, representing 205 care properties or 42% of our total portfolio.

In a second phase, the results of the survey will be analysed and serve as a basis for improvements to Aedifica's dialogue with its tenants. The survey methodology will also be evaluated. In the next phase, an improved tenant survey will be launched, covering the changes resulting from the first survey.

THE THREE PILLARS OF OUR OPERATOR RELATIONSHIP



- Identifying needs
- Continuous dialogue
- Sharing experience and support
- Business plan analysis
- Developing new integrated healthcare solutions



- Construction follow-up
- Transparent communication
- Aligning all stakeholders involved



- Triple net long leases
- Regular site visits
- Quarterly meetings to discuss needs
- Yearly quality checks
- Investing alongside operators
- Update infrastructure according to regulations and market standards

4.4 Community engagement

SUPPORTING THOSE WHO NEED IT MOST

In December 2020, we organised **circus acts for our Belgian care home residents** in collaboration with two circus schools. The performances were given outdoors and in coronavirus-proof conditions, while residents could either watch outside or through their window. With this action, we not only offered our residents a relaxing activity and rewarded the care personnel for their hard work, but we also supported young people who had not been able to perform for several months due to the pandemic.

We treated our Dutch residents to a coronavirus-proof barrel organ concert in the end-of-year period. Residents enjoyed the music while keeping a safe distance.

In spring 2020, food baskets were sent to the staff of our Finnish care homes, to thank them for their efforts during the pandemic. For Christmas, food and toys were sent to all care homes and child day-care centres.

Aedifica donated €10,000 to the Belgian Red Cross and the University of Leuven in order to support pandemic relief and Covid-19 research.

In order to tackle the shortage of masks in care homes, we donated protective face masks to our Belgian, German and Dutch care homes. We also added chocolates to thank the care personnel for their hard work during these exceptional times.

We refurbished unused computers and donated them to a Belgian local primary school for children who did not have a laptop to follow their classes from home.

“We specifically chose this initiative because music is an important tool within elderly and dementia care. Music can bring back forgotten memories and improves the social and emotional state of residents. In addition, a concert is a nice way to thank the care personnel.”

**Eric Scheijgrond,
Country Manager Netherlands**

- Aedifica cares deeply about its residents and always tries to go the extra mile. In 2020, as part of our community engagement programme, we treated two care residences in the Netherlands to a coronavirus-proof classical concert by the Philomela Foundation. Both musical events were greatly appreciated by our residents. Philomela is a Dutch non-profit organisation that aims to connect people from different cultures, ages or social backgrounds through classical music in an accessible and interactive way.
- In 2021, we plan to organise 10 additional performances in our Dutch properties.



LEFT
**OUTDOORS CLASSICAL
CONCERT BY MEREL
HUIZINGA** OF THE
PHILOMELA FOUNDATION



€50,000

donated to charity in 2020

**LAHDEN VALLESMANNINKATU -
SERVICE COMMUNITY
IN LAHTI (FI)**

**CONTRIBUTING TO SOCIETY BY
PROVIDING QUALITY CARE PROPERTIES**

As a healthcare real estate investor, Aedifica contributes to a better society by creating innovative residential care concepts for a variety of care clients. Our main focus remains on elderly people requiring different types of residential care. However, during the past few years, we have also specialised in other types of housing and care accommodation, such as that for people with disabilities, child day-care centres and schools.

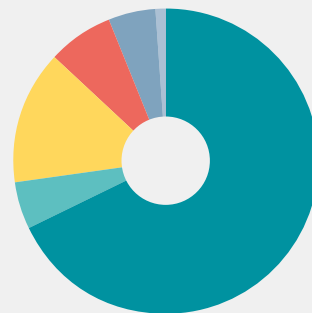


“We look forward to further developing our concepts in cooperation with our operators and reaching new segments of care clients, in order to give as many persons as possible the space to receive care in the way they prefer.”

Charles-Antoine van Aelst, CIO

Comty-Eng Community engagement, impact assessments and development programmes

**Breakdown of care types
in fair value (%)**



- **67** Elderly care (for seniors requiring continuous care)
- **6** Elderly care (for independent seniors)
- **14** Elderly care (for independent seniors & seniors requiring continuous care combined)
- **7** Child day-care
- **5** Specialist care (for those with disabilities)
- **1** School



SHARING KNOWLEDGE

Every year we welcome interns to our offices and offer them the opportunity to gain valuable experience in a work environment. In addition, the members of our Executive Committee often share their knowledge at seminars in Belgium and abroad. Aedifica CEO Stefaan Gielens is a frequent guest lecturer in the postgraduate programme in real estate studies at KU Leuven. He also regularly participates in panel discussions within the real estate sector.



LEFT
CEO STEFAAN GIELENS DURING
A CORONAVIRUS-PROOF GUEST
LECTURE AT KU LEUVEN

Community engagement, impact assessments and development programmes

Comty-Eng Aedifica attempts to have a positive impact on local communities. The reader is referred to the explanation above for more details on our community actions.

Headquarters	100%
Portfolio	100%



SERVICE COMMUNITIES: AN INNOVATIVE HOUSING & CARE CONCEPT

Aedifica's mission is to develop sustainable and innovative residential care concepts that meet its users' needs and improve their quality of life. In Finland, the Hoivatilat team developed the 'service community' concept, which offers the ideal environment to combine multiple types of care and services for both the building's users and the community at large on a single campus. While service communities were recently completed in Espoo and Tuusula, and another new campus will be delivered in Lohja in summer 2021, the very first service community was opened in Lahti in 2015.

The Lahti service community offers housing and care to different age groups, accommodating 30 elderly persons and welcoming up to 80 children on a daily basis. Both groups have their own dedicated buildings that are connected by a common inner courtyard. Elderly care is provided by Attendo, day care for children by Pilke. The campus was specifically designed to enrich their lives by creating several opportunities for them to meet each other and share experiences.

"In 2015, lifecycle thinking and this kind of collaboration between two operators was a relatively new concept. I am pleased to see that our initiative has gained interest and is being implemented in other places as well."

Anne Manninen, Attendo

"Our service community concept demonstrates our commitment to the development of innovative and sustainable residential care concepts that meet the evolving expectations of our society and the current challenges in the care sector."

Jussi Karjula, CEO Hoivatilat

- Seniors and children can meet each other on the common courtyard or during joint activities.
- The day-care centre focuses on music and organises performances in the care home on a weekly basis.
- The children frequently visit the seniors, so that they can sing and play together. These activities are often related to an upcoming holiday or another theme.

This community model benefits both age groups. It teaches the children tolerance for the elderly and shows them that old people are valuable and that it is pleasant to interact with them. The residents, meanwhile, look forward to the children's visits and enjoy playing with them or watching them play. It refreshes their mind, even when they lack the energy to participate themselves.

The service community has been operated by Attendo (elderly care) and Pilke (day care) since 2015. Both companies received an award for their innovative collaboration.



"The campus allows us to organise common activities that bring joy and warmth to both the children and the seniors. We hope that when the pandemic subsides, we will be able to hold joint events again soon."

Maisa Jokinen, Pilke

ABOVE
LAHDEN VALLESMAANNINKATU –
SERVICE COMMUNITY IN LAHTI (FI)



Corporate Governance

“Covid-19 is the perfect proof that identifying and managing the risks our company will be facing is crucial to its success.”

Sven Bogaerts, CLO/CM&AO

5.1 Composition of the Board of Directors and Executive Committee

With respect to the composition of its Board of Directors and Executive Committee, Aedifica applies various requirements concerning diversity (gender, age, professional background, international experience, etc.), in accordance with the Law of 3 September 2017 on disclosure of non-financial and diversity information by certain large undertakings and groups.

Composition of the highest governance body (Gov-Board)

Gov-Board	2020
Board of Directors	Mr Serge Wibaut - Chairman/Non-Executive Independent Director
	Mr Stefaan Gielens - Chief Executive Officer - Executive Director
	Mr Sven Bogaerts - CLO / CM&AO - Executive Director ¹
	Ms Ingrid Daerden - CFO - Executive Director ¹
	Mr Charles-Antoine van Aelst - CIO - Executive Director ¹
	Ms Laurence Gacoin - COO - Executive Director ²
	Mr Jean Franken - Non-Executive Independent Director
	Mr Eric Hohl - Non-Executive Director ³
	Mr Pertti Huuskonen - Non-Executive Independent Director ¹
	Ms Katrien Kesteloot - Non-Executive Independent Director
	Ms Elisabeth May-Roberti - Non-Executive Independent Director
	Mr Luc Plasman - Non-Executive Independent Director
	Ms Adeline Simont - Non-Executive Director ³
Ms Marleen Willekens - Non-Executive Independent Director	
Executive Committee	Mr Stefaan Gielens - Chief Executive Officer
	Ms Ingrid Daerden - Chief Financial Officer
	Ms Laurence Gacoin⁴ - Chief Operating Officer
	Mr Charles-Antoine Van Aelst - Chief Investment Officer
	Mr Sven Bogaerts - Chief Legal and Mergers & Acquisitions Officer

1. Since 8 June 2020.

2. From 8 June 2020 until 31 October 2020 (inclusive).

3. Until 26 October 2020 (inclusive).

4. Until 31 October 2020 (inclusive). As from 1 March 2021, Ms Gacoin was succeeded as COO and member of the Executive Committee by Mr Raoul Thomassen.

Appointment of the highest governance body (Gov-Select)

Gov-Board	2020
Gov-Select	<p>Pursuant to Article 10 of the Articles of Association, the members of the Board of Directors are elected for a maximum term of three years by the shareholders at the General Meeting. Their mandate may be terminated at any time by the General Meeting. The Directors are eligible for re-election.</p> <p>Unless the appointment decisions of the General Meeting provide otherwise, the Directors' term shall run from the General Meeting at which they are appointed until the ordinary General Meeting in the financial year in which the term of their mandate expires according to the appointment decision. If one or more mandates become vacant, the remaining Directors, convening as a board, may provide for temporary replacement(s) until the next General Meeting. The next General Meeting has to confirm or not the mandate of the co-opted member of the Board of Directors.</p> <p>When proposing Board candidates for appointment to the General Meeting and appointing members of the Executive Committee, the Board of Directors – upon recommendation of the Nomination and Remuneration Committee – takes diversity, background, (international) experience and expertise into account to ensure a diversified composition of these bodies.</p> <p>More information about the composition of the Board of Directors and Executive Committee can be found in the Corporate Governance Statement in our Annual Financial Report and in the Corporate Governance Charter (Chapters 2.2 & 3.3)</p>

5.2 Ethics, compliance and integrity

Aedifica pursues a business culture that is characterised by honesty and integrity, a sense of responsibility, strict ethics and compliance with the statutory rules and corporate governance standards. And we expect the same from those who do business with us.

Since 17 October 2014, Aedifica has been authorised by the FSMA as a 'Regulated Real Estate Company' (RREC) under Belgian law. As a public RREC, we are subject to the requirements of the Law of 12 May 2014 and the Royal Decree of 13 July 2014 on regulated real estate companies. These include restrictions on operations, debt-to-assets ratio, appropriation account, conflicts of interest, corporate governance, etc.



CODE OF CONDUCT

Since Aedifica was founded, its business practises have been governed by integrity, honesty, fair dealing and full compliance with all applicable laws. Aedifica has developed a Code of Conduct which lays down how employees of the Aedifica group must behave in order to live up to these values and standards.

The Code of Conduct provides our staff with an ethical framework and guidelines on how to deal with topics such as:

- conflicts of interest
- inside information
- the purchase and sale of shares (insider trading)
- corruption and unauthorised use of company property
- respect and dignity on the workforce

A violation of Belgian law, the Corporate Governance Charter or the Code of Conduct by a member of Aedifica's staff shall if necessary lead to dismissal for cause.

The Code of Conduct is publicly available on our website as an appendix to the Corporate Governance Charter (new version approved on 18 June 2020).

Process for managing conflicts of interest

Gov-Col	We refer to section 10 of the corporate governance statement in the Annual Financial Report and the Corporate Governance Charter (Chapter 3.5.5) for more details.
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ABOVE
SPORENPARK –
CARE HOME IN BERINGEN (BE)

LEFT
KINGS MANOR –
CARE HOME IN OTTERY
ST MARY (UK)

INTERNAL PROCEDURE FOR REPORTING IRREGULARITIES

Aedifica encourages its employees to report actual or potential infringements of statutory rules, the Corporate Governance Charter and the Code of Conduct when a reasonable suspicion of such an infringement exists. We have set up an internal whistleblower procedure to:

- **encourage employees** to report irregularities
- **protect collaborators** who report irregularities
- **treat all reports uniformly**, discreetly and confidentially
- **guarantee a fair investigation** for all involved
- **take all reasonable measures** to address irregularities
- **take measures** against anyone who prejudices a collaborator for making a report in good faith

The policy states that any issue can be reported to Aedifica's Compliance Officer or to the Chairman of the Board of Directors.

The internal procedure for reporting irregularities is publicly available on our website as an annex to the Corporate Governance Charter.

RIGHT
RESIDENTIE KARTUIZERHOF -
CARE HOME IN LIERDE (BE)

FAR RIGHT
CRYSTAL COURT -
CARE HOME IN HARROGATE (UK)



DEALING CODE

We have formalised a Dealing Code that contains the rules on transactions with company shares, debt instruments, derivatives or other related financial instruments carried out by Directors and other people with managerial responsibilities within the company on their own account and people closely associated with them.

The Dealing Code can be found in Chapter 7 of our Corporate Governance Charter (available online).

GDPR AND DATA PROTECTION

The EU General Data Protection Regulation (GDPR) entered into force in 2018. The purpose of this regulation is to define standardised data protection laws for all member countries across the European Union. Amongst other things, it extends the data rights for EU residents and increases their privacy.

We took a number of measures to fully integrate the application of the GDPR into our operations. These measures include the creation of an internal and external privacy policy (available on our website), a cookie policy (available on our website), a data breach policy and a retention policy that offers our staff guidelines on how long personal data files can be kept in our possession.

ENVIRONMENTAL POLICY

Aedifica undertakes to comply with all relevant legal and other regulatory requirements concerning environment and energy – as a minimum level of performance – and will continuously strive to meet best practices in non-regulated areas. This commitment was formalised in an environmental policy, which entered into force on 23 April 2020 and is available on our website. It contains a non-exhaustive overview of Aedifica's environmental obligations and commitments, both on company level and on portfolio level.

ANTI-BRIBERY AND CORRUPTION POLICY

Aedifica adopted an anti-bribery and corruption policy on 30 November 2020. The objective of this policy is to outline the risks related to bribery and corruption, to inform our employees about the responsibilities of Aedifica group and of each them individually and to provide them with the tools and support necessary to identify and combat these anti-corruption risks with a view to preventing as much as possible any behaviour that could be considered to constitute bribery. This policy is also available on our website.



ANTI-MONEY LAUNDERING POLICY

On 30 November 2020, Aedifica also adopted a policy on the prevention of the use of the financial system for the purposes of money laundering and terrorist financing (AML/CFTP Policy). It describes the rules and principles that need to be respected during the different phases of the AML/KYC customer's lifecycle, including the obligation to identify and verify new customers, the constant vigilance to be maintained as regards existing customers, the obligation to notify the authorities and, if necessary, the termination of the contractual relationship. The AML policy is currently being implemented throughout the Aedifica group.

WHAT'S NEXT?

Aedifica continues to raise the bar when it comes to corporate governance. In 2021, we will formalise the following policies:

- **Human Rights policy**
- **Workplace wellbeing policy**
- **New remuneration policy** for the Board of Directors and the members of the Executive Committee, strengthening the link with the Company's strategy, long-term interest and sustainability (see text on the right)
- **Supplier Code of Conduct**



ABOVE
KÄLLBERGA –
DESIGN OF A SCHOOL
UNDER CONSTRUCTION
IN NYNÄSHAMN (SE)

BELOW
SENIORENWOHNPAK HARTHA
– CARE HOME IN THARANDT (BE)

Remuneration policy

Aedifica has developed a new remuneration policy for the members of the Board of Directors and the Executive Committee, taking into account the current legislation, the Belgian Corporate Governance Code 2020 and market practices and trends. This remuneration policy was approved by the Ordinary General Meeting of 11 May 2021 and is applied as from 1 January 2021.

The general objective of the remuneration policy is to attract and retain the necessary leadership that can best support Aedifica in its mission to offer sustainable real estate solutions to professional operators whose core activity is to provide care to people with care needs throughout Europe. In doing so, it aims to create sustainable value for the Company's shareholders, its other stakeholders and society in general.

The remuneration policy of the Non-Executive Directors is straightforward, cash-based and simple. It intends to reward the members of the Board of Directors appropriately for their work based on market-competitive fee levels, whilst also strengthening the link with the Company's strategy, long-term interest and sustainability by requiring the Non-Executive Directors to hold Company shares over the term of their mandate until after their mandate expires.

The main principles underlying Aedifica's remuneration policy for the members of its Executive Committee are based on a balanced approach between market competitive standards, the ratio between fixed and variable pay and the economic and social contribution of the Company linked to certain non-financial parameters of the variable pay:

- compensation at market-competitive levels (considering both fixed and variable components of remuneration), achieved by benchmarking against a market peer group;
- pay-for-performance that drives financial and non-financial performance and generates long-term sustainable and profitable growth. The remuneration target aims for 55% of total compensation in base salary and 45% in short- and long-term variable compensation in order to maintain a strong alignment with the Company's financial performance goals, its long-term value creation strategy and risk tolerance. Short- and long-term variable remuneration are weighted equally (50/50) and earned upon achievement of collective and personal, financial and non-financial, objectives (including ESG targets);
- differentiation based on experience and responsibility, such that the compensation of individual members of the Executive Committee is aligned with their respective responsibilities, relevant experience, required competencies and performance;
- balancing all stakeholders' interests, with due consideration to shareholder and societal views, by complying with best practices in corporate governance, defining targets for the variable compensation plans based on financial and non-financial targets and a transparent, simple and clear remuneration policy.

5.3. ESG risk assessment

The environment in which Aedifica operates is constantly evolving. Identifying and managing the risks that our company is facing is therefore crucial to its success. The Executive Committee and the Board of Directors monitor Aedifica's main risk factors closely. An overview of the company's risk factors and mitigation actions can be found in our Annual Financial Report (see p. 168-179).

An overview of our key environmental and social risk factors is given in the table on the right.

Environmental Risks

Risk	Responsive action
Environmental risks linked to potential building acquisition	<ul style="list-style-type: none"> - Risk mitigation/elimination plans are put in place. - Analysis of soil quality of high-risk sites. - Analysis of the used materials and the building's flexibility. - Our goal is to introduce a life cycle assessment for each new building.
Physical impact on buildings due to extreme weather conditions	<ul style="list-style-type: none"> - Incorporation of flood risks and environmental aspects into the due diligence process at each acquisition.
Changes to environmental regulations	<ul style="list-style-type: none"> - Active policy aiming at optimising the energy performance of buildings. - Incorporation of flood risks and environmental aspects into the due diligence process at each acquisition.
Environmental risks related to poorly managed or maintained buildings by the operators (e.g. leaking water tanks, leaking cooling infrastructure, short circuits, etc.)	<ul style="list-style-type: none"> - Aedifica's triple net long leases imply that care home operators are responsible for the day-to-day management and maintenance of the buildings - However, we perform yearly maintenance condition checks on all our buildings since 2017. These checks are based on the Dutch norm NEN 2767, which allows us to objectively and uniformly measure the physical and technical quality of our buildings.
Negative impact on the value of a building	<ul style="list-style-type: none"> - Aedifica's triple net long leases imply that care home operators are responsible for the day-to-day management and maintenance of the buildings - However, we perform yearly maintenance condition checks on all our buildings since 2017. These checks are based on the Dutch norm NEN 2767, which allows us to objectively and uniformly measure the physical and technical quality of our buildings.
Non compliance with EU directives	<ul style="list-style-type: none"> - Since 71% of the floorspace (m²) we own is less than 20 years old, this risk would potentially impact a limited portion of our portfolio. We make major efforts to optimise energy efficiency in our entire portfolio. - As EU regulation will tighten going forward, Aedifica is actively working to reduce the greenhouse gas intensity of its portfolio, as laid out in this document. - Having energy-efficient buildings will be a major asset to attract operators who will be able to minimise their energy costs.
Presence of asbestos in our portfolio	<ul style="list-style-type: none"> - Since 71% of the floorspace (m²) we own is less than 20 years old, the risks of presence of asbestos in our portfolio is very limited. - For each new investment in a building in which asbestos might be present, a study is conducted to determine the likelihood of asbestos being present and to identify the related risks and required actions.
Potential impact on the Group's reputation	<ul style="list-style-type: none"> - We communicate transparently - and in accordance with EPRA and GRI - on our sustainability performance.

Social Risks

Risk	Responsive action
Reputation risk due to the treatment of residents by our operators	<ul style="list-style-type: none"> - High-quality treatment and the comfort of the residents in our buildings is of utmost importance to us. All reports from the local healthcare agencies are followed-up thoroughly. In case of irregularities, operators are reviewed and are asked to present a plan to avoid any violation in the future.
Employee retention on a corporate level	<ul style="list-style-type: none"> - We constantly invest in a healthy, safe and pleasant work environment to keep our employees safe and motivated. - In 2020, we conducted an employee survey to measure employee engagement and satisfaction. This survey will be used as the foundation to implement new measures to improve employee satisfaction (see page 21 for more information).



For an overview of the company's risk factors, we refer to the Annual Financial Report (p. 168 and following)

Sustainable buildings

**“Our objective is to achieve net zero
emissions across the portfolio by 2050.”**

Raoul Thomassen, COO

6.1 Energy and water management in our buildings

MONITORING OF ENERGY AND WATER CONSUMPTION

For two years now, we have been working towards our goal to monitor an increasing share of the energy and water consumed across our portfolio. Compared to last year we managed to achieve broader data coverage thanks to the awareness created with our operators and we are on track to deliver on our goal to achieve 80% coverage by 2025. By collecting, validating and certifying this data, we improve our understanding of the footprint of our buildings. This is an essential step to allow Aedifica, going forward, to engage with our operators so as to understand their net zero emission plans and cooperate on mechanisms to achieve these.

Some of the operators now have data consumption monitoring systems in place. Many tenants use real-time data from digital meters to detect surges in energy consumption and intervene to reduce consumption in our buildings as needed. As a building owner, we collect consumption data over a one-year reference period to benchmark our buildings and provide this feedback to our tenants. The digital metering initiative helped us to raise awareness among our tenants and has consequently allowed us to map energy consumption for a larger portion of our portfolio. We are now taking other initiatives to further improve coverage.

BUILDING ASSESSMENTS

While Aedifica is not directly involved in the operations of our care homes, we do have an impact on how the infrastructure is designed, built and maintained in line with evolving regulations and current building techniques.

Aedifica has in place a building assessment framework based on the following three pillars: the correct follow-up of general maintenance condition, the energy consumption and sustainability character of our buildings and their compliance with all applicable regulations.

Asset, health and safety

H&S-Asset (assessments)	100%
H&S-Comp (compliance)	n/a ¹

80%

It is our goal to measure 80% of our properties' water and energy consumption.

BUILDING ASSESSMENT FRAMEWORK



In order to ensure that the technical condition of the building structure and installations meets expectations, in-depth internal assessments - according to the principles of the standard NEN2767 - are being performed by our operations team. These allow us to assess the technical condition and, where necessary, schedule physical inspections as well as follow-ups with the operators.

An internal assessment based on the energy data file and the sustainability framework allows us to identify measures needed to improve the energy performance of our portfolio. Energy Performance Certificates (EPCs) are an integral part of this approach.

Compliance with applicable regulations is relevant for both the owners and the operators of health care properties. Our legislation and risk framework aims to provide assurance regarding the compliance of the structure and the installations to ensure the health and safety of residents and staff.

1. Our compliance assessment is based on a mix of internal and mandatory external reviews. The scope of these extends beyond the buildings and is related to the health care processes of the operator as well. During the period under review some of these reviews have led to qualified statements, which are being followed up. While generally – under the triple net leases – this is a responsibility of the operator, as an owner we continue to monitor the resolution of these issues.

SHIFT TO LABELLING

In order to meet the objectives of the Paris Agreement, all buildings will need to achieve net zero emissions by 2050 at the latest. Aedifica has adopted this goal and is developing a pathway towards attaining it. As a result, we have adjusted our strategy and included more granular milestones, as can be seen from our action plan. When it comes to preparing our portfolio for the future and reducing our own emissions, these actions include:

- Reducing our landlord CO₂ emissions (scope 1 and scope 2) by 20% - this relates to the emissions we largely control, as outlined in Chapter 3.4.



-20%

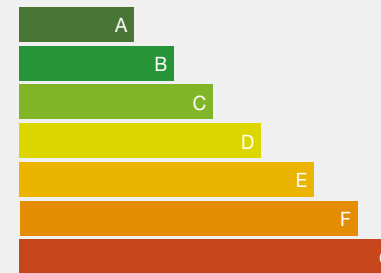
To reduce scope 1 and scope 2 CO₂ emissions by at least 20%

- When defining new development projects, we have an influence on the energy performance ambition - a sustainable development framework will be defined to provide guidance on how to implement future projects, reducing our scope 3 upstream emissions. In these new developments we strive to obtain EPC-label A.

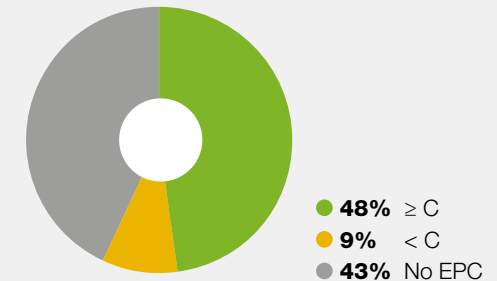
- When it comes to the scope 3 downstream emissions, in our case mostly the emissions of the care homes in operation, Aedifica is engaging with its tenants and providing benchmarks and outcomes of the sustainability framework assessment in order to improve energy efficiency. While the nature of our leases does not allow us to interfere directly with the tenant's operation of our buildings, in more and more cases we find a shared objective in energy efficiency.

In order to correctly evaluate the intrinsic energy performance of the infrastructure that we provide to our tenants and to monitor our progress towards our objectives, our portfolio strategy is based on the EPC (Energy Performance Certificate) standard. The EPCs were first introduced as part of the EU Directive related to the Energy Performance of Buildings and will continue to play a significant role going forward as part of the EU Taxonomy regulation.

EPC diagram



Asset Label Overview
(% of total m² of portfolio)



Cert-Tot	Floor area m ²	Asset value in million EUR
Label A, B, C	760,000	1,713
Label D or below	145,000	321
Assets w/o label, incl. (re) developments	682,000	1,534

Buildings with an EPC at level C are considered compliant with the country's standards / ambitions.

Next steps include enhancing EPC coverage throughout the portfolio and analysing how we can structurally upgrade the portfolio's energy efficiency:

- For new developments, the sustainable development framework will help to achieve our (EPC) goals.
- For existing assets, renovation plans will be investigated and implemented (cf. case study Villa Casimir on page 40).
- Sustainable bonds will facilitate investments in sustainable new construction projects or specific sustainability projects in the existing portfolio.
- Energy inefficient buildings, for which a turnaround is not feasible, will be considered for asset rotation.

Throughout 2020, we started preparing an inventory of existing certificates in our portfolio. This now gives us a clear view of the current state of our portfolio: certificates available, missing, the impact of our development pipeline and the portfolio's performance.

6.2 Improving the energy performance of our portfolio

VILLA CASIMIR: AN A-RATED REDEVELOPMENT

Villa Casimir (or 'Huize Ernst Casimir') in Roermond (Netherlands) is a former villa and 'rijksmonument' (a national heritage site) built in 1908 that was redeveloped into a futureproof care residence, while fully preserving the cultural-historical value of the building. In October 2020, after little more than a year of renovation works, the villa opened its doors again for 18 elderly people requiring continuous care.

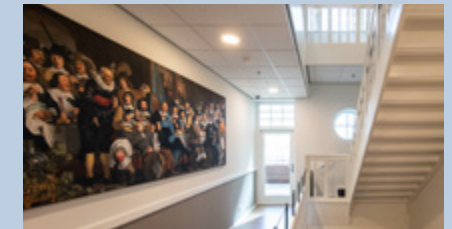
At the start of the redevelopment, the villa had a G-rated EPC, highlighting the very inefficient energy consumption. Following Aedifica's redevelopment investments, Villa Casimir received an A rating, indicating that the building's consumption is 'most efficient'. The building and its installations are now futureproof, fit for the current generation and the next, contributing to the continued improvement of the sustainability of our real estate portfolio.

- We restored the villa's unique characteristic elements to their former glory: high windows, wooden beams, French doors and stained-glass windows were preserved under the supervision of the heritage department.
- Solar panels were not installed in order to preserve the villa's historic appearance. However, our all-electric approach provides the opportunity to use green energy and to accommodate new technological developments.
- We improved the insulation of the building's roof, walls and basement floor. Windows and doors were fitted with the appropriate insulating glazing and equipped with sun blinds.

"Following Aedifica's redevelopment investments, Villa Casimir received an A rating, indicating the building's consumption is 'most efficient'. The building and its installations are now futureproof, fit for the current generation and the next."

Raoul Thomassen, CFO

- During the redevelopment, we decided to install low-temperature heating instead of the initially planned high-temperature heating. We ensured that it is possible to switch to an individual heat pump or collective district heating at a later stage.
- We installed individual ventilation type C+ instead of collective ventilation type D, in order to ensure good air quality and circulation, the importance of which was again demonstrated during the Covid-19 pandemic. We also installed an E+ ventilation system, allowing the heat from the air outlet to be recovered for low temperature heating and/or hot water production.
- We also paid special attention to a barrier-free environment for the residents and installed a high-performance cooling system to cope with increasingly frequent heat days.



VILLA CASIMIR –
CARE RESIDENCE IN ROERMOND (NL)

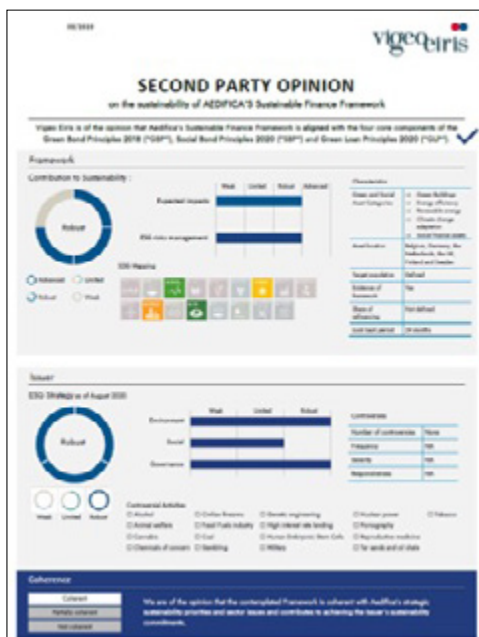
SUSTAINABLE FINANCE FRAMEWORK

In order to strengthen Aedifica's commitment to achieving the objectives of its ESG action plan, we have developed a Sustainable Finance Framework on which a Secondary Party Opinion has been obtained from Vigeo. The proceeds from the financial instruments that will be issued under this framework are used exclusively for the financing/refinancing of sustainable buildings, projects concerning energy efficiency and projects of a social nature. To be eligible for this type of financing, the buildings or projects must meet the sustainability criteria described in the Sustainable Finance Framework. These criteria are aligned with the United Nations Sustainable Development Goals (SDGs). The first issuance of Aedifica's sustainable bonds collected €40 million.



Overview of first issuance of assets

For the first issuance, we have selected the following assets. They are all green, assisted living facilities located in the Netherlands.



Green bond table

Asset (Netherlands)	Refurbishment/ construction year	Financing/ refinancing	EPC level	M ²	kg of CO ₂ /m ²	Acquisition Value (in € million)
MF Rotterdam	2019	refinancing	A++	2,441	42.3	8.5
Huize Eereslo	2019	refinancing	A	2,350	13.3	6.8
MF Bosch en Duin	2018	refinancing	A	2,241	36.0	7.3
Huize Ter Beegden	2018	refinancing	A	1,983	28.0	4.9
Huize Roosdael	2019	refinancing	A	2,950	59.4	6.8
Stepping Stones Leusden	2019	refinancing	A	1,655	11.7	4.2
Huize Groot Waardijn	2019	refinancing	A	1,918	15.8	6.8
Meldestraat	2019	refinancing	A	1,587	19.2	3.6

LEFT
HUIZE HOOG KERKEBOSCH -
CARE RESIDENCE
IN ZEIST (NL)

RIGHT
HUIZE GROOT WAARDIJN -
CARE RESIDENCE IN
TILBURG (NL)

6.3 Environmental performance

For reporting year 2020 we again managed to extend the scope of our data collection from last year's 43% for fuel and energy consumption to 70% in 2020¹. For water consumption we collected the information for 66% compared to 25% in 2019, which can largely be attributed to the impact of the Covid-19 measures on employee mobility.

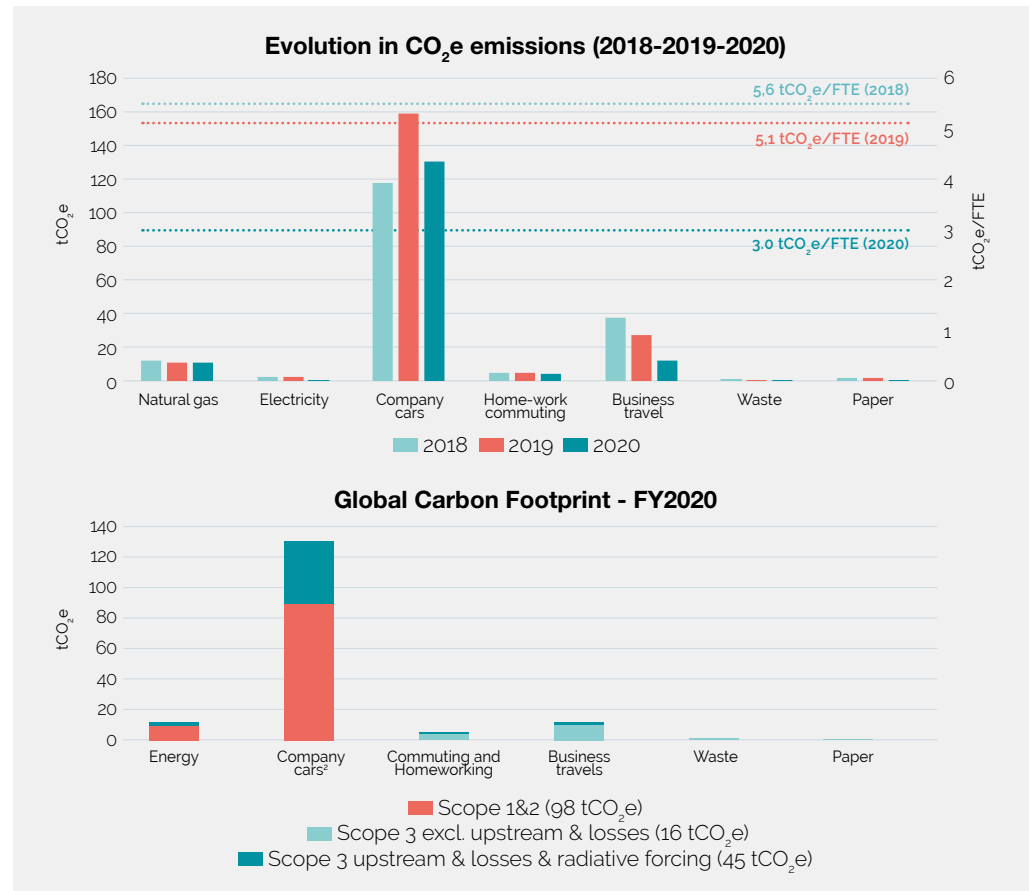
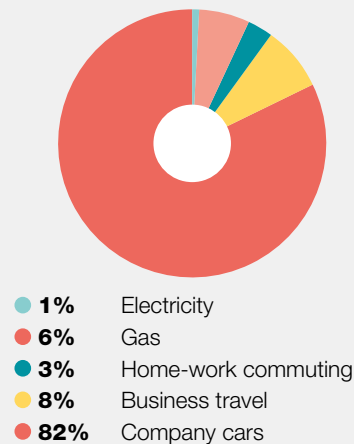
OUR HEADQUARTERS Carbon footprint

In 2020, we emitted 159 CO₂e² at our headquarters. This represents a 23% decrease compared to 2019 (207 tCO₂e). This decrease can mainly be attributed to the Covid-19 pandemic. The carbon intensity per FTE decreased by 41.2% compared to 2019.

	2019	2020	Difference in %
tCO ₂ e	207	159	-23.2%
FTE	41	53	+29.7%
tCO ₂ e/FTE	5.1	3.0	-41.2%

Company cars represented 82% of our headquarters' greenhouse gas emissions.

Source of greenhouse gas emissions - Headquarters (in %)



1. The significant increase in data coverage helped us to expand on 2019 data as well. Following the external validation by CO2logic, some of the historic consumption data points have been adjusted in this report.

2. The weighted average uncertainty for our measurements is 14%. In our case, uncertainty is mainly linked to the scientific uncertainty of the climate impact from planes. Scope 1: all direct emissions as a result of our activities or under our control (e.g. electricity, heating). Scope 2: all indirect emissions from electricity purchased and used. Scope 3: all other indirect emissions coming from sources we do not own or control (e.g. business travel, waste, commuting, etc.).



CO₂-NEUTRAL HEADQUARTERS

We collaborated with a leading Belgian environmental consulting company to compensate for our headquarters' CO₂ emissions. We decided to support two global certified climate projects in order to make our headquarters CO₂-neutral.

The **Rwanda Water Project** focuses on giving people in Rwanda access to clean water. Rwandan people use wood to boil water in order to make it safe for consumption, which leads to deforestation and increased CO₂ emissions. The project repairs and maintains damaged wells and uses borehole technology to provide hundreds of households with a safe drinking water source. In addition to reducing greenhouse gas emissions, this project will lead to:

- less deforestation and degradation of surrounding forests
- less disease caused by polluted drinking water
- less disease caused by carbon monoxide and particulates from indoor fire (to sanitise water)
- more time to focus on household tasks and supervising children
- local training and employment (maintenance and monitoring of the boreholes)

The **Zambia Agroforestry Project**, the second project we selected, focuses on reforestation in Zambia. The main objectives of this project are threefold: to support sustainable agriculture, to empower local communities and markets and to conserve ecosystems and wildlife to sustainably increase small-holder farmer crop yields, income and welfare and to reduce uncontrolled forest loss and degradation. In addition to reducing greenhouse gas emissions, this project will lead to:

- less deforestation and degradation of surrounding forests
- the preservation of biodiversity
- local employment and stable income generation for farmers
- sustainable food production with higher crop yields
- community building



ENERGY PERFORMANCE

Electricity consumption (Elec-Abs/Elec-LfL)

In 2020, 208 assets were added to the reporting scope. As a result of this significant increase in coverage, nominal electricity consumption increased by 80% to 53,231,104 kWh. On a like-for-like basis, electricity consumption in 2020 decreased by 4% compared to 2019. Our continuous efforts in implementing management systems in the context of our new labelling strategy will keep influencing these figures in a positive way.

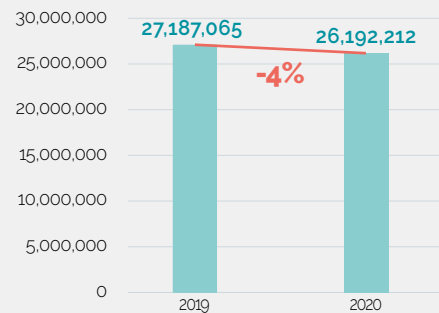
All energy used in our headquarters is produced by renewable energy sources. We will continue to stimulate our operators to follow our lead and make the switch to green energy contracts.

In 2020, the solar panels on the rooftops of our properties generated 3,285,626 kWh. This is the equivalent of 839 tons of CO₂ not emitted.

Ongoing energy-saving projects will stimulate the operators to further expand the solar panel installations on our properties and thus increase the use of renewable energy sources.

RIGHT
**DE MERENHOEF -
MAARSSSEN (NL)**

Portfolio Like-for-like electricity consumption (Elec-LfL) in kWh



Electricity Consumption (Elec-Abs/Elec-LfL)

Elec-Abs/ Elec-LfL	Coverage per segment in m ² (2020)	Electricity consumption				Renewable energy generated (kWh)	Renewable energy purchased (kWh)	Renewable source (%)
		2019 (kWh)	2020 (kWh)	Difference 2020 vs 2019	Difference (%)			
Headquarters (Abs)	100%	71,966	49,672	-22,294	-31%		49,672	100%
Portfolio (Abs)	70%	29,627,259	53,231,104	23,603,845	80%	2,612,521	3,982,218	12%
Elec-LfL	36%	27,187,065	26,192,212	-994,853	-4%	1,529,192	3,004,773	17%

Heat and cooling consumption (DH&C-Abs/DH&C-LfL)

In 2020, 208 assets have been added to the reporting scope, of which 110 purchase district heating instead of using an individual production unit. In Finland and Sweden, the use of district heating networks was already strongly integrated.

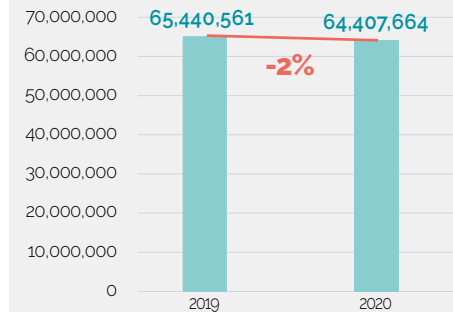
Fuel consumption (Fuel-Abs/Fuel-LfL)

An increase of 52% is noted in our portfolio's absolute fuel (gas + heating oil) consumption, which is the result of the aforementioned significant increase in data coverage. The like-for-like analysis, which allows you objective comparison of our performance, shows a 1% increase compared to 2019.

The most commonly used fuel consumption in our properties is natural gas, which is far less CO₂ intensive than other fossil fuels.

In 2020, our portfolio coverage was expanded by four buildings using heating oil, increasing total consumption to 8,776,934 kWh.

Like-for-like gas consumption (Fuel-LfL) in kWh



Building energy intensity (Energy-Int)

The building energy intensity represents the amount of energy used (in kWh) per square meter.

The energy intensity of our portfolio decreased by 11 kWh/m².

We intend to further improve the energy efficiency of our entire portfolio and set a uniform standard on energy performance that is stricter than local regulations. This plan is to be implemented over the course of the coming five years.

District heating & cooling consumption (DH&C-Abs/DH&C-LfL)

DH&C-Abs	Coverage per segment in m ² (2020)	2019 (kWh)	2020 (kWh)	Difference 2020 vs 2019	Difference (%)
Headquarters (Abs)	100%	0	0	0	-
Portfolio (Abs)	70%	0	17,172,866	17,172,866	-
DH&C-LfL	36%	0	0	0	-

Fuel consumption (Fuel-Abs/Fuel-LfL)¹

Fuel-Abs/ Fuel-LfL	Coverage per segment in m ² (2020)	Fuel consumption			
		2019 (kWh)	2020 (kWh)	Difference 2020 vs 2019	Difference (%)
Headquarters (Abs)	100%	51,669	51,627	-42	0%
Portfolio (Abs)	70%	70,594,022	107,250,076	36,656,054	52%
Fuels-LfL²	36%	67,595,084	67,990,934	395,851	1%

Building energy intensity (Energy-Int)

Energy-Int	Coverage per segment in m ² (2020)	Relative consumption			
		2019 (kWh)	2020 (kWh)	Difference 2020 vs 2019	Difference (%)
Headquarters	100%	91	75	-16	-18%
Portfolio	70%	181	170	-11	-6%
Energy-int-LfL	36%	184	183	-1	-1%

1. Fuel consumption consists of gas in our headquarters and gas as well as heating oil in our portfolio.

2. LfL-figures are not reported for our headquarters.

GHG performance

Measurement of the Group's CO₂ emissions was based on the guidelines of the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard, one of the most widespread tools to understand, quantify and manage greenhouse gas emissions.

Direct greenhouse gases (GHG-Dir-Abs/GHG-Dir-LfL)

The direct greenhouse gases emitted by our properties are directly linked to gas and heating oil consumption. Compared to 2019, the increase of direct GHG is far less pronounced. The reason for this is the addition of a large portfolio in Finland, which does not use non-renewable fuels for heating in any of its sites. The consumption for heating, (geothermal) heat pumps and district heating, is reflected in indirect GHG for these sites.

Indirect greenhouse gases (GHG-Indir-Abs/GHG-Indir-LfL)

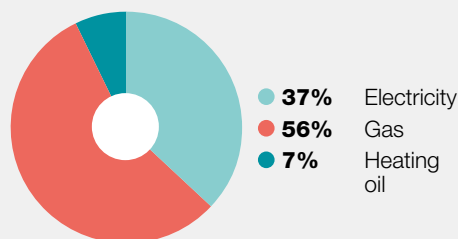
Indirect greenhouse gases mainly reflect the electricity consumption (68%), in our portfolio, but also reflect DH&C (18%) and fuels (14%). We noted a substantial 72% increase in absolute terms, mainly due to the expansion of our portfolio. However, when taking into account the Like-for-Like data, a 11% decrease was achieved between 2019 and 2020.

In 2020, the solar panels on the rooftops of our properties generated 3,285,626 kWh (or 839 tCO₂e not emitted). We aim to encourage our operators to follow our lead and take measures to reduce electricity consumption and to make the switch to green energy contracts, as this would significantly reduce the indirect greenhouse gas emissions of our portfolio.

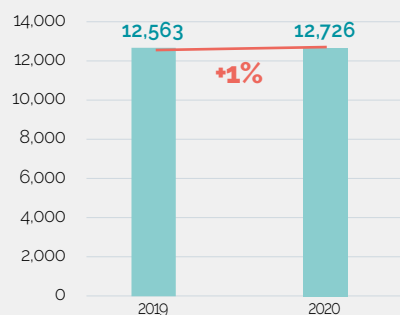
Greenhouse gas intensity of buildings (GHG-Int)

The greenhouse gas intensity represents the amount of greenhouse gases emitted (in kgCO₂e) per square meter. The Like-for-Like figures decreased by 4% compared to 2019.

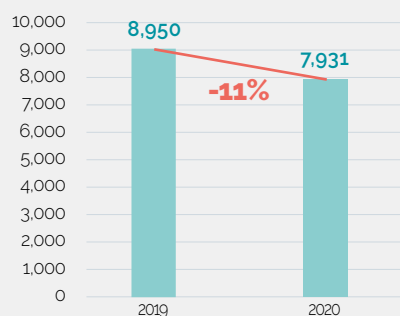
Source of greenhouse gas emissions (in %)



Like-for-like direct GHG (GHG-Dir-LfL) in tCO₂e



Like-for-like indirect GHG (GHG-Indir-LfL) in tCO₂e



Direct greenhouse gases (GHG-Dir-Abs/GHG-Dir-LfL)

GHG-Dir-Abs/ GHG-Dir-LfL	Coverage per segment in m ² (2020)	Total tCO ₂ e			
		2019	2020	Difference 2020 vs 2019	Difference (%)
Headquarters	100%	113	96	-17	-15
Portfolio	70%	13,131	20,270	7,139	54%
GHG-Dir-LfL	36%	12,563	12,726	163	1%

Indirect greenhouse gases (GHG-Indir-Abs/GHG-Indir-LfL)

GHG-Indir-Abs/ GHG-Indir-LfL	Coverage per segment in m ² (2020)	Total tCO ₂ e			
		2019	2020	Difference 2020 vs 2019	Difference (%)
Headquarters	100%	43	33	-10	-23%
Portfolio	70%	11,580	19,914	8,334	72%
GHG-Indir-LfL	36%	8,950	7,931	-1,018	-11%

Greenhouse gas intensity of buildings (GHG-Int)

GHG-Int	Coverage per segment in m ² (2020)	Total kgCO ₂ e/m ²			
		2019	2020	Difference 2020 vs 2019	Difference (%)
Headquarters	100%	115	95	-20	-17%
Portfolio	70%	45	38	-6	-14%
GHG-Int-LfL	35%	42	40	-2	-4%

WATER PERFORMANCE**Water consumption
(Water-Abs/Water-Int)**

The main water supply source is municipal water. The Like-for-Like figures increased by 4% compared to 2019.

**Water intensity
(Water-Int)**

The water intensity represents the amount of water consumed per square meter. The Like-for-Like figures increased by 4% compared to 2019.

WASTE PERFORMANCE

For the waste management in our portfolio, efforts are being made to obtain complete and consistent data through continuous dialogue with our operators.

The figures reflect our recycling efforts and show a strong decrease in waste generation (compared to 2019), largely due to the Covid-19 pandemic.

For the next reporting year, a target has been set for staff to reduce paper consumption.

Water consumption (Water-Abs/Water-LfL)

Water-Abs/ Water-LfL	Coverage per segment in m ² (2020)	Water consumption (m ³)			
		2019	2020	Difference 2020 vs 2019	Difference (%)
Headquarters	100%	225	147	-78	-35%
Portfolio	66%	194,162	816,008	621,845	320%
Water-LfL	23%	177,341	184,351	7,011	4%

Water intensity (Water-Int)

Water-Int	Coverage per segment in m ² (2020)	Water consumption (total water/m ²)			
		2019	2020	Difference 2020 vs 2019	Difference (%)
Headquarters	100%	0.17	0.11	-0.06	-35%
Portfolio	66%	0.54	0.83	0.29	54%
Water-Int-LfL	23%	0.53	0.55	0.02	4%

Total weight of waste by disposal route (Waste-Abs/Waste-LfL)

Waste-Abs/ Waste-LfL	Type of Waste	Disposal routes	Coverage per segment in m ² (2020)	Waste-Abs (ton)				Waste-LfL (ton)			
				2019	2020	Difference 2020 vs 2019	Difference (%)	2019	2020	Difference 2020 vs 2019	Difference (%)
Headquarters	Non hazardous waste	Total	100%	6.11	4.91	-1.21	-20%	6.11	4.91	-1.21	-20%
		Recycling		3.71	3.16	-0.55	-15%	3.71	3.16	-0.55	-15%
		Other		2.41	1.75	-0.65	-27%	2.41	1.75	-0.65	-27%
Portfolio	Non hazardous waste	Total	-	-	-	-	-	-	-	-	-
		Recycling		-	-	-	-	-	-	-	-
		Other		-	-	-	-	-	-	-	-
Headquarters	Hazardous waste	Total	100%	0.00	0.00	0.00	0%	0.00	0.00	0.00	0%
Portfolio	Hazardous waste	Total	-	-	-	-	-	-	-	-	-



EPRA content table

Aedifica voluntarily reports according to the European Public Real Estate Association (EPRA) Sustainability Best Practices Recommendations for Sustainability Reporting (sBPR guidelines) to allow for comparisons with other players in the real estate sector. The following table provides an overview of the indicators reported on, and where in this report they can be found. Given the synergies with other reporting frameworks, notably with the Global Reporting Initiative (GRI) Standards, the respective GRI indicator linked to each EPRA indicator is featured in the right column. For an exhaustive list of GRI indicators, please see the table in the next chapter. The table provides references to information as published in chapters of the 2019/2020 Annual Financial Report (AR), the Corporate Governance Charter and this 2020 Sustainability Report (SR).

Sustainability – social indicators		Page number	GRI Indicator
Diversity-Emp	Employee gender diversity	SR p. 23	405-1
Diversity-Pay	Gender pay ratio	SR p. 24	405-2
Emp-Training	Employee training and development	SR p. 23	404-1
Emp-Dev	Employee performance analysis	SR p. 23	404-3
Emp-Turnover	Employee turnover	SR p. 20	401-1
Emp-New hires	Employee new hires	SR p. 20	401-1
H&S-Emp	Employee health and safety	SR p. 20	403-2, 403-9
H&S-Asset	Asset health and safety assessments	SR p. 38	416-1
H&S-Comp	Asset health and safety compliance	SR p. 38	416-2
Comty-Eng	Community engagement, impact assessments and development programs	SR p. 28-29	413-1
Gov-Board	Composition of the highest governance body	SR p. 32 AR p. 117 and following Corporate Governance Charter p. 7 and following	102-22
Gov-Selec	Process for nominating and selecting the highest governance body	SR p. 32 AR p. 117 and following Corporate Governance Charter p. 7 and following	102-24
Gov-Col	Process for managing conflicts of interest	SR p. 33 AR p. 139 and following Corporate Governance Charter p. 18, p. 49, p. 67	102-25



Sustainability – social indicators		Page number	GRI Indicator
Elec-Abs	Total electricity consumption	SR p. 44	302-1
Elec-LfL	Like-for-like total electricity consumption	SR p. 44	302-1
DH&C-Abs	Total district heating & cooling consumption	SR p. 45	302-1
DH&C-LfL	Like-for-like total district heating & cooling consumption	SR p. 45	302-1
Fuels-Abs	Total fuel consumption	SR p. 45	302-1
Fuels-LfL	Like-for-like total fuel consumption	SR p. 45	302-1
Energy-Int	Building energy intensity	SR p. 45	302-3, CRE1
GHG-Dir-Abs	Total direct greenhouse gas (GHG) emissions	SR p. 46	305-1
GHG-Indir-Abs	Total indirect greenhouse gas (GHG) emissions	SR p. 46	305-2
GHG-Dir-LfL	Like-for-like total direct greenhouse gas (GHG) emissions	SR p. 46	305-1
GHG-Indir-LfL	Like-for-like total indirect greenhouse gas (GHG) emissions	SR p. 46	305-2
GHG-Int	Greenhouse gas (GHG) intensity from building energy consumption	SR p. 46	305-4, CRE3
Water-Abs	Total water consumption	SR p. 47	303-1
Water-LfL	Like-for-like total water consumption	SR p. 47	303-1
Water-Int	Building water intensity	SR p. 47	CRE2
Waste-Abs	Total weight of waste by disposal route	SR p. 47	306-2
Waste-LfL	Like-for-like total weight of waste by disposal route	SR p. 47	306-2
Cert-Tot	Type and number of sustainably certified assets	SR p. 39	CRE8

GRI content index



Universal standards

The tables provide references to information as published in chapters of the 2019/2020 Annual Financial Report (AR) and this 2020 Sustainability Report.

GRI 102: General Disclosures		Page number	Comment
1. Organisational profile			
102-1	Name of the organisation		Aedifica
102-2	Activities, brands, products and services	30-31 (AR)	
102-3	Location of headquarters		Rue Belliard 40 (bte 11), B-1040 Brussels
102-4	Location of operations		Belgium, Netherlands, Germany, United Kingdom, Sweden (2020), Finland (2020), Ireland (2021)
102-5	Ownership and legal form		Public Limited Liability Company Public Regulated Real Estate Company under Belgian Law
102-6	Markets served		Belgium, Netherlands, Germany, United Kingdom, Sweden, Finland, Ireland (2021)
102-7	Scale of the organisation	3-4	
102-8	Information on employees and other workers	19-25	
102-9	Supply chain	18	
102-10	Significant changes to the organisation and its supply chain	3, 31-40 (AR)	
102-11	Precautionary Principle or approach	36	
102-12	External initiatives	9-10, 27-30	
102-13	Membership of associations	18	
2. Strategy			
102-14	Statement from senior decision-maker	5, 12	
102-15	Key impacts, risks, and opportunities	36, 168 (AR)	
3. Ethics and integrity			
102-16	Values, principles, standards, and norms of behavior	33	
102-17	Mechanisms for advice and concerns about ethics	33	

GRI 102: General Disclosures		Page number	Comment
4. Governance			
102-18	Governance structure	117 (AR)	
102-21	Consulting stakeholders on economic, environmental, and social topics	18	
102-22	Composition of the highest governance body and its committees	32, 121 (AR)	EPRA: Gov-Board
102-23	Chair of the highest governance body	32	
102-24	Nominating and selecting the highest governance body	32	EPRA: Gov-select
102-25	Conflicts of interest	33, 148 (AR)	EPRA: Gov-Col
102-26	Role of highest governance body in setting purpose, values, and strategy	33, 131 (AR)	
102-28	Evaluating the highest governance body's performance	133 (AR)	
102-29	Identifying and managing economic, environmental, and social impacts	36, 168 (AR)	
102-32	Highest governance body's role in sustainability reporting	15	
102-33	Communicating critical concerns	33-34	
102-35	Remuneration policies	35, 133 (AR)	
102-36	Process for determining remuneration	35, 133 (AR)	
5. Stakeholder engagement			
102-40	List of stakeholder groups	18	
102-41	Collective bargaining agreements	24	
102-42	Identifying and selecting stakeholders	18	
102-43	Approach to stakeholder engagement	18-30	
102-44	Key topics and concerns raised	18-30	
6. Reporting practice			
102-45	Entities included in the consolidated financial statements	56-57 (AR)	
102-46	Defining report content and topic boundaries	38, 57-59	
102-47	List of material topics	7-8	
102-48	Restatements of information	57-59	
102-49	Changes in reporting		There were no significant changes in the list of material topics.
102-50	Reporting period		1 January 2020 - 31 December 2020
102-51	Date of most recent report		31 May 2020
102-52	Reporting cycle		Annually
102-53	Contact point for questions regarding the report		info@aedifica.eu
102-54	Claims of reporting in accordance with the GRI Standards		This report has been prepared in accordance with the GRI Standards: Core option
102-55	GRI Content Index	51-56	
102-56	External Assurance	59	

Topic-specific standards

GRI 201: Economic performance		Page number	Comment
201-1	Direct economic value generated and distributed	183 - 188 (AR)	
201-2	Financial implications and other risks and opportunities due to climate change	36, 179 (AR)	
GRI 203: Indirect economic impacts			
203-1	Infrastructure investments and services supported	3-4, 18-23 (AR)	
GRI 205: Anti-corruption			
205-3	Confirmed incidents of corruption and actions taken		There were no confirmed incidents of corruption in 2020.
GRI 207: Tax			
207-1	Approach to tax	174 (AR)	
GRI 302: Energy			
302-1	Energy consumption within the organisation	44-47	EPRA: Elec-Abs, Elec-LfL, DH&C-Abs, DH&C-LfL, Fuels-Abs, Fuels-LfL In accordance with sector practices, energy consumption is expressed in kWh
302-2	Energy consumption outside of the organisation	44-45	In accordance with sector practices, energy consumption is expressed in kWh
302-3	Energy intensity	45	EPRA: Energy-Int In accordance with sector practices, energy consumption is expressed in kWh
303-4	Reduction of energy consumption	44-45	In accordance with sector practices, energy consumption is expressed in kWh
302-5	Reductions in energy requirements of products and services	44-45	In accordance with sector practices, energy consumption is expressed in kWh
GRI 303: Water and effluents 7: Tax			
303-5	Water consumption	47	EPRA: Water-Abs, Water-LfL
GRI 306: Waste			
306	Effluents and waste	47	

GRI 305: Emissions		Page number	Comment
305-1	Direct (Scope 1) GHG emissions	42, 46	EPRA: GHG-Dir-Abs, GHG-Dir-LfL
305-2	Energy indirect (Scope 2) GHG emissions	42, 46	EPRA: GHG-Indir-Abs, GHG-Indir-LfL
305-3	Other indirect (Scope 3) GHG emissions	42, 46	EPRA: GHG-Indir-Abs, GHG-Indir-LfL
305-4	GHG emissions intensity	42, 46	EPRA: GHG-Int
305-5	Reduction of GHG emissions	42, 46	
GRI 307: Environmental compliance			
307-1	Non-compliance with environmental laws and regulations		There were no cases of non-compliance.
GRI 401: Employment			
401-1	New employee hires and employee turnover	20	EPRA: Emp-New hires, Emp-Turnover
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		Not relevant.
GRI 402: Labor/management relations			
402-1	Minimum notice periods regarding operational changes		Aedifica applies the Belgian legislation on legal notice periods.
GRI 403: Occupational health & safety			
403-1	Occupational health and management system	38	
403-2	Hazard identification, risk assessment and incident investigation	20	EPRA: H&S-Emp
403-6	Promotion of worker health	19, 20	
403-9	Work-related injuries	20	EPRA: H&S-Emp
403-10	Work-related ill health	20	
GRI 404: Training and education			
404-1	Average hours of training per year per employee	23	EPRA: Emp-Training
404-2	Programmes for upgrading employee skills and transition assistance programs	23	
404-3	Percentage of employees receiving regular performance and career development reviews	23	EPRA: Emp-Training
GRI 405: Diversity and equal opportunity			
405-1	Diversity of governance bodies and employees	23	EPRA: Diversity-Emp
405-2	Ratio of basic salary and remuneration of women to men	23	EPRA: Diversity-Pay
GRI 406: Non-discrimination			
406-1	Incidents of discrimination and corrective actions taken		There were no cases of discrimination.
GRI 407: Freedom of association and collective bargaining			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk		

GRI 408: Child labor		Page number	Comment
408-1	Operations and suppliers at significant risk for incidents of child labor		There were no operations or suppliers at significant risk for incidents of child labor.
GRI 409: Forced or compulsory labor			
409-1	Operations and suppliers at significant risk for forced or compulsory labor		There were no operations or suppliers at significant risk for forced or compulsory labor.
GRI 413: Local communities			
413-1	Operations with local community engagement, impact assessments, and development programs	27-30	EPRA: Comty-Eng
GRI 418: Customer privacy			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		There were no such complaints in 2020.
GRI 419: Socioeconomic compliance			
419-1	Non-compliance with laws and regulations in the social and economic area		There were no cases of non-compliance.

Sector-specific standards

CRE: Construction and real estate		Page number	Comment
CRE 1	Building energy intensity	45	EPRA: Energy-Int
CRE 2	Building water intensity	47	EPRA: Water-Int
CRE 3	Greenhouse gas emissions intensity from buildings	46	EPRA: GHG-Int

Appendix: reporting parameters

Aedifica's sustainability report is based on the EPRA sBPR guidelines and is in accordance with the Global Reporting Initiative's (GRI) standard: Core level. Consideration has been given to the GRI's industry-specific supplement for the construction and real estate sector.

ORGANISATIONAL BOUNDARIES

Aedifica limits its sustainability report to health-care real estate properties owned by the Group in accordance with the principles of the Greenhouse Gas Protocol.

Within this scope, all owned properties are considered except for properties owned by our former entity Immo SA/NV, which includes only apartment buildings. This branch has been excluded from the Group level consolidation since March 2019.

Corporate data covers our daily activities at our leased administrative headquarters in Brussels.

DATA COLLECTION

To assess the sustainable performance figures of Aedifica's portfolio, consumption data is collected in a systematic dialogue with our operators.

In order to establish our carbon footprint and monitor the impact of the efforts of landlords and operators combined, it is important to have frequent access to reliable data. This can be achieved in a number of ways; either by directly receiving this

from the utility companies based on their digital meters, from an intermediate company who is working with the utility companies, by installing additional (sub) meters of our own or by receiving them directly from the operators.

COVERAGE

As part of our action plan, Aedifica aims to further improve data coverage over the next few years. We strive to increase the coverage of our report every year.

Waste production data are not actively monitored by our operators, which makes it hard to provide sound information. In the coming years, we will increase awareness on this subject and report on these data as well.

Human Resources data is reported for Aedifica's headquarters unless otherwise indicated. The scope of HR data collection in terms of headcount, turnover and training is headquarters.

BOUNDARIES - REPORTING ON LANDLORD AND TENANT CONSUMPTION

All data on our portfolio's energy consumption were obtained via the operators' energy management system or energy accounting system.

NORMALISATION

Intensity ratios were measured by using the building's total floor area as a denominator.



ABOVE
PACHTERSERF -
CARE HOME IN APELDOORN (NL)

LEFT
RESIDENTIE KARTUIZERHOF -
CARE HOME IN LIERDE (BE)

GHG CALCULATION

In line with international ambitions and climate agreements, Aedifica, in collaboration with an external partner, calculated the climate impact of its headquarters and 70% of its total portfolio, a significant improvement compared to the 43% data coverage of last year. For this reason, the 2020 absolute data consumption (portfolio) increased significantly compared to 2019 and cannot be compared in absolute terms between those periods.

We calculate our emissions in line with the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard by considering the following emission factors from the “UK Department for Business, Energy & Industrial Strategy - Greenhouse gas reporting” and the “International Energy Agency”:

Greenhouse gas intensity (GHG-Int)

GHG source	Unit	kgCO ₂ e / unit			Source Emission factor
		Emission factor direct total GHG	Emission factor indirect total GHG		
			Scope 1	Scope 2	
Natural gas	kWh	0.1839		0.0239	UK Department for Business, Energy & Industrial Strategy - Greenhouse gas reporting: conversion factors 2019
Heating oil	kWh	0.2468		0.0513	
Diesel 2019	Liter	2.5941		0.6171	
Petrol 2019	Liter	2.2090		0.5985	
CNG 2019	kg	2.5420		0.4880	
Electricity BE 2019	kWh		0.1720	0.0325	Scope 2: IEA 2019
Electricity UK 2019	kWh		0.2780	0.0491	Scope 3: UK Department for Business, Energy & Industrial Strategy - Greenhouse gas reporting: conversion factors 2019
Electricity NL 2019	kWh		0.4640	0.0849	
Diesel 2020	Liter	2.5100		0.6580	UK Department for Business, Energy & Industrial Strategy - Greenhouse gas reporting: conversion factors 2020
Petrol 2020	Liter	2.2800		0.5280	
CNG 2020	kg	2.4100		0.5500	
Electricity BE 2020	kWh		0.1693	0.0403	Scope 2: IEA 2020
Electricity UK 2020	kWh		0.2086	0.0550	Scope 3: UK Department for Business, Energy & Industrial Strategy - Greenhouse gas reporting: conversion factors 2020
Electricity NL 2020	kWh		0.3565	0.0939	
Electricity GE 2020	kWh		0.3499	0.1019	
Electricity FI 2020	kWh		0.0977	0.0335	
Electricity SE 2020	kWh		0.0170	0.0033	

For the headquarters, the emissions from company cars have also been considered and calculated using the total fuel consumption (in litres) of the company cars fleet. Different carbon conversion factors are applied to each fuel type.

For the CO₂-neutrality scope of the Aedifica headquarters, the following GHG emissions sources have been considered: natural gas consumption, electricity consumption, fuel consumed by the company cars, but also homework commuting, business travel, corporate paper purchasing and waste generated on the HQ site. For the carbon impact of the HQ electricity consumption, we have considered the fact that the contract is a ‘green’ electricity contract, consistent with a ‘market-based approach’.

For the GHG EPRA tables, the scope is more restricted, limited to scopes 1 and 2, i.e. natural gas consumption, electricity consumption, fuel consumed by the company cars. Furthermore, the carbon impact of the HQ electricity consumption has been calculated according to the ‘location-based approach’, following the EPRA guidelines. Contrary to the ‘market-based approach’, we have considered the GHG emissions specific to the Belgian electricity grid, without considering the ‘green’ electricity contracted with the electricity provider.

EXTERNAL VERIFICATION

CO2logic, a leading Belgian environmental consulting company, has performed a verification procedure as outlined by the certificate below.

Brussels, on 20th May 2021



ENVIRONMENTAL VERIFICATION STATEMENT – LIMITED ASSURANCE

CO2logic SA, a Belgian environmental leading consulting company, has been contracted by Aedifica for the independent third-party verification of environmental indicators as provided in the company annual report to a limited level of assurance.

This verification exercise has been performed to the ISO 14064-3 standard regarding direct and indirect carbon dioxide equivalent emissions (CO2e).

CO2logic has performed a verification procedure on the following 2020 key performance data:

- Coverage calculation related to the reported portfolio and the like-for-like (LfL) portfolio (%)
- Electricity consumption related to the absolute and the like-for-like (LfL) reporting scope (kWh)
- Natural gas & Heating oil consumption related to the absolute and the like-for-like (LfL) reporting scope (kWh)
- District Heating & Cooling consumption related to the absolute and the like-for-like (LfL) reporting scope (kWh)
- Water consumption related to the absolute and the like-for-like (LfL) reporting scope (m³)
- Building energy intensity related to the absolute and the like-for-like (LfL) reporting scope (kWh/m²)
- Water intensity related to the absolute and the like-for-like (LfL) reporting scope (m³/m²)
- Total weight of waste by disposal route related to Headquarters (tons)
- Direct greenhouse gases related to the absolute and the like-for-like (LfL) reporting scope (tCO2e)
- Indirect greenhouse gases related to the absolute and the like-for-like (LfL) reporting scope (tCO2e)
- Greenhouse gas intensity related to the absolute and the like-for-like (LfL) reporting scope (tCO2e/m²)

In this verification exercise, CO2logic assignment has been focused on:

- performing consistency checks related to the energy, greenhouse gases and water data annually collected by Aedifica, sometimes since 2017 for part of its portfolio, and related to waste data for Headquarters only
- verifying the consolidation process and results of the data collected by Aedifica
- verifying that the calculation related to the greenhouse gases performance measures have been correctly performed, with a correct split between direct and indirect greenhouse gas emissions and the use of an accurate emission factors database

Final reporting scope for energy, greenhouse gases emissions, water and waste has been validated together with CO2logic. Some Aedifica operators and/or sites have been therefore excluded from the final reporting scope for 2020 when they were not yet able to comprehensively provide specific data. All errors in reported data identified during the verification process have been duly corrected.

Based on the scope of the data and information provided by Aedifica and the work CO2logic performed, nothing has appeared that causes CO2logic to believe that the selected key performance data and the progress against the previous year described above, are not fairly stated.

CONTACT CO2logic:
Mathieu Cribellier, Directeur de Projet chez CO2logic
+32 4 93 22 08 40 - mathieu@co2logic.com

Credible Climate Action - www.co2logic.com



REGISTERED OFFICE

Belliardstraat 40 Rue Belliard – 1040 Brussels (Belgium)
Tel.: +32 (0)2 626 07 70 – Fax: +32 (0)2 626 07 71
Openbare gereguleerde vastgoedvennootschap
naar Belgisch recht
Société immobilière réglementée publique de droit belge
BTW BE 0877 248 501 - R.P.R. Brussel –
TVA BE 0877 248 501 - R.P.M. Brussels

GENERAL INFORMATION

For general information, please contact info@aedifica.eu
For additional information, please contact:
– Raoul Thomassen - COO
– Ingrid Daerden - CFO
– Delphine Noirhomme - Investor Relations Manager



twitter.com/aedifica_reit



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