



INVESTING  
IN SOCIAL REAL ESTATE



ESG  
report



2021







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# Message to the stakeholders

Inclusio is addressing the current societal challenges by providing affordable qualitative rental housing and other social infrastructure while balancing profit and social aim.

With this first sustainability report, we are pleased to remind you of the mission chosen by Inclusio to develop its real estate portfolio.

In a nutshell, we are striving to build a better society by bringing additional quality affordable housing units, facilities for individuals with complex care needs and social infrastructure to the market.

We have raised capital from institutional and retail investors and used these funds to build or purchase quality projects dedicated to fragile segments such as people or communities unable to afford market rents who may also be in need of social support from dedicated associations.

Following our IPO in December 2020, **we experienced in 2021 a very strong growth of the portfolio** which exceeded our expectations.

Affordable housing units represent around 80% of our real estate portfolio as of December 31, 2021. With more than 1,000 houses and apartments, mostly rented to Social Rental Agencies (SRA) (Agences Immobilières Sociales in French or Sociaal Verhuur Kantoor in Dutch), we are trying to contribute to the significant supply-demand imbalance for social renting solutions in Belgium.

Through our operations and assets, we are estimating that **approximately 3,000 people are currently living in Inclusio's housing units.**

In the segment of facilities for people with disabilities, we have developed in Flanders a partnership with Villa VIP and Thomashuizen. These associations have developed the concept of "group home" where up to 10 adults with development disabilities live together with a family residing in the premises to provide care and support.

Our social infrastructure category comprises various type of buildings including 2 properties let to the Red Cross for housing asylum seekers, 1 building in Brussels rented to Samusocial for homeless people, 1 nursery for 56 children, 1 secondary school for 600 students in Uccle and several office areas dedicated to non-profit organizations.

We aim to embed sustainability into the core of our activities. **We strive to provide energy efficient accommodations for all newly constructed projects** and we dedicate a significant budget each year for the improvement of the energy performance of existing assets. This will not only help mitigate climate change by reducing CO<sub>2</sub> emissions but it also means lower utility bills for our tenants.

*« We aim to embed sustainability into the core of our activities »*

### B-Corp certification

Inclusio was the first Belgian listed company to obtain the B-Corp certification in 2015. This demonstrates our extremely high standards of social and environmental performance. We modified our articles of association at the end of 2020 to reinforce the commitment of our shareholders to build a more inclusive and sustainable economy whilst focusing on transparency and responsibility.

Our sustainability reporting maturity will keep improving in the coming years and a more detailed sustainability strategy will have to be developed by the board and the management to define specific goals that Inclusio will strive to achieve over the next 10 years.

In the meantime, we hope that this report will provide insights into where Inclusio currently stands today and the measures that we have taken in fiscal year 2021.



**Marc Brisack**  
CEO Inclusio



**André Bosmans**  
Chairman of the Board



# Sustainability at Inklusio

Inklusio chose to define its sustainability strategy using the **17 Sustainable Development Goals** (SDG) selected by the United Nations. Through a preliminary analysis the most pertinent SDGs have been selected in relation with the mission statement of Inklusio.

Launched in 2015 by Degroof Petercam, Kois and Revive, **Inklusio obtained the REIT status in December 2020**. As a leading Belgian institutional real estate company with a social focus, Inklusio is addressing the current societal challenges by providing affordable qualitative rental housing and other social infrastructure while balancing profit and social aim.

**Inklusio is following a B2B model, working mainly with Social Rental Agencies (SRA)** that sublets its assets to tenants. This model provides a number of interesting benefits: secured long term contracts with SRAs subsidized by public finances, with guaranteed payments (100% occupancy), property tax waivers (in the Brussels Region) or reductions (in Wallonia and Flanders) and lower property and asset management costs.

Sustainability is therefore in essence a significant part of our activities as the social impact **we have in the Belgian society strives to answer a fundamental human right: decent and affordable housing** for less fortunate individuals and families.

But sustainability is also important to us in the broader sense. It goes beyond merely the social aspect of our buildings but also touches upon being mindful of resource use, protecting the environment and implementing the right forms of governance.

## Our first ESG report

For its first ever ESG report, Inklusio decides to start reporting on a limited set of key sustainability indicators that are closest to the mission statement of Inklusio. For this purpose, Inklusio chooses to report on sustainability indicators as recommended by EPRA (European Public Real estate Association) for the REIT sector. The EPRA sustainability Best Practice Reporting indicators build upon the GRI (Global Reporting Initiative) Standards. The sub-set of indicators that are the focus of this report are the following:



	EPRA SBPR	Indicator	GRI Standard link	UN SDG link
<b>E</b>	Cert-Tot	Type and number of sustainably certified assets	CRE8	
<b>S</b>	Comty-Eng	Community engagement, impact assessments and development programmes	413-1	
	Gov-Board	Composition of the highest governance board	102-22	
<b>G</b>	Gov-Selec	Process for nominating and selecting the highest governance body	102-24	
	Gov-Col	Process for managing conflicts of interest	102-25	

## Inclusio was the first Belgian listed certified B-Corp company.

The table below illustrates how the different SDGs are important for Inclusio:

	<b>Good health and well-being</b>	Through its investments in facilities for people with disabilities and social infrastructure, Inclusio is providing quality amenities for asylum seekers, homeless people and people with complex care needs
	<b>Gender equality</b>	For its employees and board members, Inclusio strives for Gender Equality
	<b>Sustainable Cities and Communities</b>	Affordable housing represents the largest investment category within Inclusio's real portfolio
	<b>Responsible consumption and production</b>	For its development projects Inclusio is paying special attention to the efficient use of material and energy. The two projects delivered in 2021 obtained a special prize from the Brussels region for their "circular economy" qualities
	<b>Climate action</b>	In the investment analysis, Inclusio is paying attention to the sustainable character of the buildings because energy efficient buildings help mitigate CO <sub>2</sub> emissions and at the same time ensure lower utility bills for the tenants
	<b>Peace, justice and strong institutions</b>	Inclusio relies on a well shaped governance charter where the integrity policy is clearly highlighted. The ambition is also to ensure a healthy diversity within the company's employees and the Board of Directors

Inclusio was the first Belgian listed certified B-Corp company. Inclusio obtained its initial B-Corp certification in 2015 and was recertified in 2017 and 2020. Since then, two other Belgian companies, IBA in April 2021 and Spadel in February 2022, have also obtained the B-Corp certification. The B-Corp movement regroups companies that want to change the way they do business.

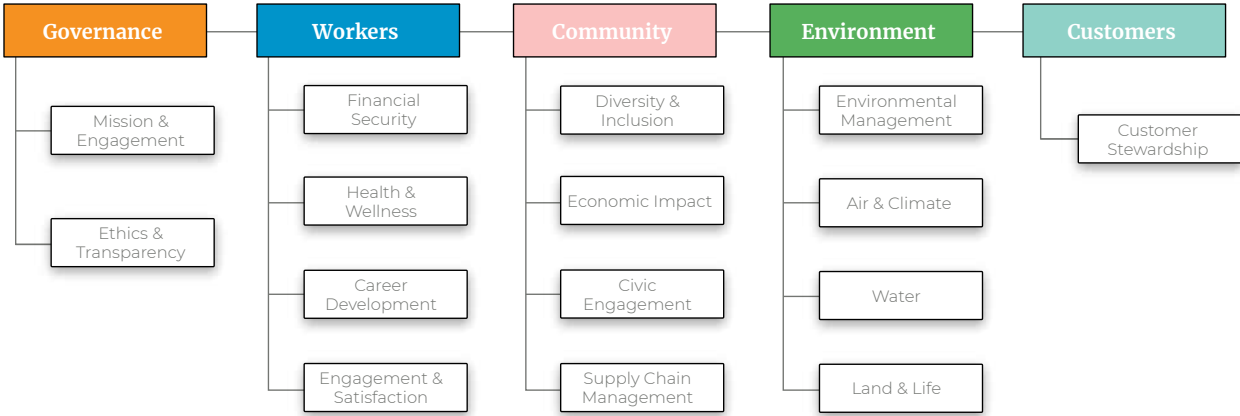
**Business should compete – and more importantly collaborate – on not just being the best in the world, but the best for the world.**

The B Impact Assessment looks at success across 5 Impact Areas, offering a framework for continuous improvement.





In each of these categories, B Lab analyses the operational impact that a company is able to deliver.



**Inclusion B Impact Score**

Based on the B Impact assessment, Inclusio earned an overall score of 87.7. The median score for ordinary businesses who complete the assessment is currently 50.9.



- 50.9 Median Score for Ordinary Businesses
- 80 Qualifies for B Corp Certification
- 87.7 Overall B Impact Score of Inclusio

SOCIAL



Inclusio's articles of association clearly highlight that its corporate mission statement contains commitments to

## **have a specific social impact**

with all its real estate projects and to target beneficiary groups in need.



Through its investments in affordable housing, Inclusio helps people or communities unable to afford market rents.

Therefore, as EPRA sBPR defines Community Engagement (Comty-Eng) as the following: “Companies must report the percentage of assets that have implemented local community engagement, impact assessments and/or development programmes”, we consequently consider 100% of Inclusio’s assets to meet this criteria.

EPRA sBPR – Social table

		FY20	FY21
<b>Comty-Eng</b>	Community engagement, impact assessments and development programmes		
<b>TOTAL Inclusio</b>		<b>100%</b>	<b>100%</b>

### 3.1 Affordable housing

Through its investments in affordable housing, Inclusio helps people or communities unable to afford market rents while dedicating a significant number of units to more fragile segments (monoparental families, homeless people, people with disabilities, victims of domestic violence, uneducated people, unemployed people and elderly people requiring support from dedicated associations).

Most of Inclusio housing units are let to Social Rental Agencies (SRAs) (Agences immobilières sociales / Sociaal Verhuur Kantoren) which are non-profit organisations managing privately-owned residential property under a specific regulated regime.

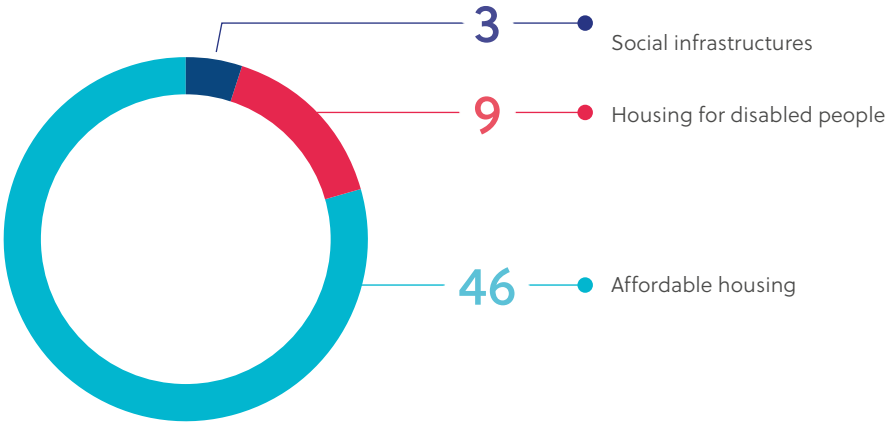
The SRAs act as an intermediary between low-income tenants (i.e. occupiers) and private owners. SRAs guarantee that owners receive a stable and long-term rental income while agencies sub-let the housing units to occupiers and take charge of relations with such occupiers.

Rents are set below market level and SRAs benefit from subsidies to cover differences between rent paid by occupiers and rent due by the SRA to the owner as well as a portion of the general and administrative costs of the SRA.





**Inclusio 2021 portfolio (buildings)**



**3.2 Housing for disabled people**






The social impact of Inclusio can also be measured through its investments in housing for disabled people and social infrastructures.

The **9 buildings for disabled people** can accommodate 145 people.

Besides a larger new facility for 40 people acquired in Trooz (Liège) in March 2021, Inclusio owns **5 Villa VIP**, a first Thomashuis in Meldert, a complex for people suffering from dementia in Wijnegem and also a residence in Brugge for people with disabilities.

Two additional Thomashuizen are currently under construction. The first one in Keerbergen will become operational in September 2022 while the building in Westmalle will be completed in 2023.

**3.3 The "Social Infrastructure" category includes:**

-  two buildings let to the Red Cross **for asylum seekers** in Jette (Brussels)
-  one building let to Samusocial for 160 **homeless people** in Anderlecht (Brussels)
-  **a secondary school** for 600 students in Uccle (Brussels)
-  **a nursery** for 56 children in Ghent
-  **an office building** let to 5 NGOs in Schaerbeek



ENVIRONMENT



# We ensure longevity of our buildings

by continuously striving to improve the environmental performances of our portfolio in order to accompany the transition to low-carbone economy.

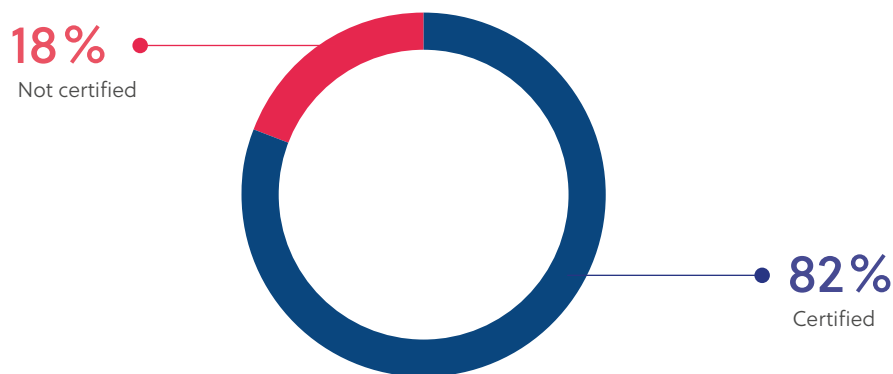


In order to highlight its focus on the energy performance of its portfolio, Inclusio decided to report on the EPRA Indicator: Cert-Tot.

This indicator refers to the total number of assets within a portfolio that have formally obtained sustainability certification, rating or labelling at the end of a reporting year.

Indicator	Definition	FY 2020	FY 2021
Cert-Tot Brussels	Number of sustainably certified assets in the Brussels Region	413/416	480 / 521
Cert-Tot Flanders	Number of sustainably certified assets in Flanders	177/177	226/253
Cert-Tot Wallonia	Number of sustainably certified assets in Wallonia	54/54	139/254
Cert-Tot Belgium	Number of sustainably certified assets in Belgium	644/647	845/1028

#### EPRA sBPR Environment table



Cert-Tot	Number of sustainably certified assets	FY20	FY21
<i>Brussels</i>		99% (413/416)	92% (480/521)
<i>Flanders</i>		100% (177/177)	89% (226/253)
<i>Wallonia</i>		100% (54/54)	55% (139/254)
<b>TOTAL Inclusio</b>		<b>100 % (644/647)</b>	<b>82% (845/1028)</b>



With regards to the label obtained, Inclusio refers to the Energy Performance Certificates (EPCs) issued for its assets. Given that it pertains a residential portfolio, Inclusio expresses the indicators as a percentage of units certified.

In June 2021, Inclusio acquired the SHT portfolio consisting of 123 housing units in Tournai (Wallonia). Most of these buildings didn't have

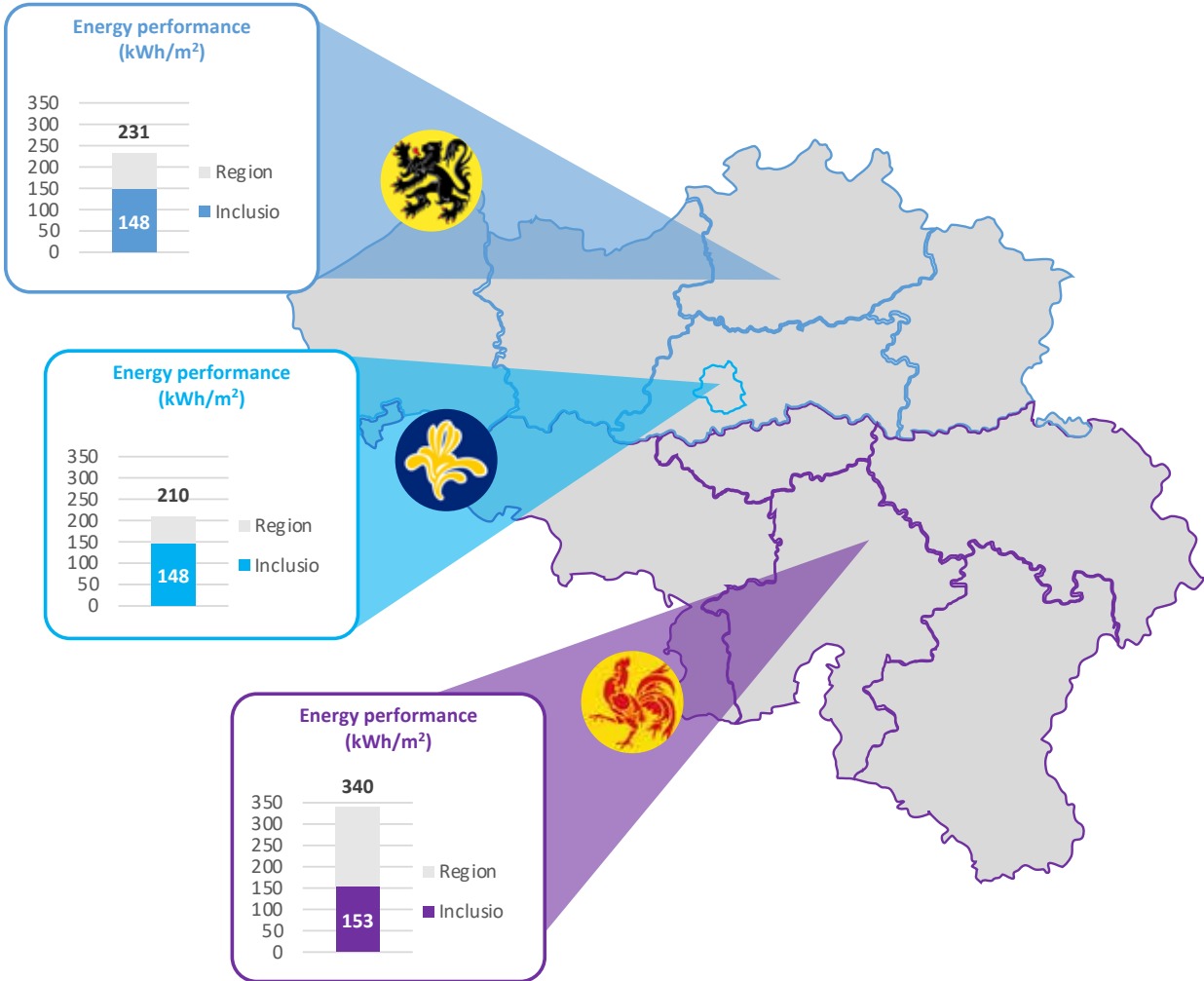
an EPC certificate and it was decided that each unit would be inspected upon the departure of an existing tenant. This explains the relatively low percentage of certified buildings observed in Wallonia.

In Brussels, the Pavillon project that has been delivered in the summer of 2021 (41 residential units) has not yet received its EPC certificates as of 31 December 2021.

Based on the EPC certificates delivered for its portfolio, Inclusio was able to calculate its average consumption of Primary Energy in kW and to compare it with the regional average for residential buildings.

**It clearly demonstrates that the Inclusio portfolio is performing energetically better than the regional average, as shown in the graph below:**

Energy performance (kWh/m<sup>2</sup>)



# GOVERNANCE



# Good governance

structure drives organizational performance while ensuring ethical and responsible actions towards shareholders, regulators and stakeholders.



## Inclusio is a social investor par excellence and a privileged investment partner in infrastructure that is valuable both at social and at community level.

### 5.1 Composition of the highest governance body

The composition of the board at Inclusio reflects three levels of independence:

- the Board of Directors is exclusively composed of non-executive directors
- in accordance with Article 13 of the Regulated Real Estate Company (RREC) Act, the Board of Directors has at least three independent members within the meaning of Article 7:87 of the Belgian Code for Companies and Associations
- the Board of Directors has a majority of its members that are not affiliated with large shareholders.

As of 31 December 2021, Inclusio's Board of Directors consists of 8 members with a diverse background and specific expertise ensuring that Inclusio strategy delivers the expected societal result.

#### **Inclusio meets the required criteria for Gender Diversity as the board consists of 3 women and 5 men.**

The EPRA indicator Gov-Board refers to the composition of the highest governance body.

Number of <b>executive board</b> members:	0
Number of <b>non-executive board</b> members:	8
Number of <b>independent board</b> members:	3

Average tenure on the governance body: 40.8 months. Currently, Christophe Demain holds the longest tenure as a member of board with 78 months, whereas the Bart De Zutter holds the shortest tenure as a member of the board with 14 months.

The Board of Directors monitors the Management Team (CEO, COO and CFO) on their sustainability responsibilities. The ESG strategy is discussed twice a year during the board meetings and each director can offer her/his point of view based on her/his skills, experience background and knowledge.

### 5.2 Nominating and selecting the highest governance body

The second EPRA Governance indicator is Gov-Select and refers to the nomination and selection process for the highest governance body and its members, and the criteria used to guide the nomination and selection process.

Each of the three founders of Inclusio (Bank Degroof Petercam, Kois and Revive) has a representative on the Board.

The selection process for board members has not yet been formalized since Inclusio has been listed for just over one year but the Nomination and Remuneration Committee considers diversity,

independence, expertise in the field of social activities, economy and environment when formulating advice regarding the appointment of new directors and top managers.





**5.3 Managing conflicts of interests**

The third EPRA Governance indicator is Gov-Col and refers to the processes for the highest governance body to ensure conflict of interest are avoided and managed.

Conflicts of interest refers to the situation where an individual is confronted with choosing between the requirements of his or her function and his or her own private interests.

Inclusio has adopted a very thorough Corporate Governance charter addressing the issue of conflicts of interest. Inclusio doesn't have controlling shareholders and therefore the risks of conflict of interest are more limited. However, the charter clearly states that any conflict of interest situation has to be disclosed in the Annual Report along with the explanation of the decision finally taken by the Board of Directors. This transparency and accountability should ensure the confidence of all stakeholders (suppliers, clients, employees or shareholders) in the decision process.

**In 2021, no conflicts of interest had to be reported.**

Inclusio has also adopted a "Dealing Code" in March 2022 to prevent market abuse. All potential transactions (purchase or sale of Inclusio shares) have to be notified to and approved by the Compliance Officer before they can be executed.

**The Corporate Governance Charter and the Dealing code may be found on the company's website.**





**FOR MORE INFORMATION  
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