



COFRA Climate Report 2022

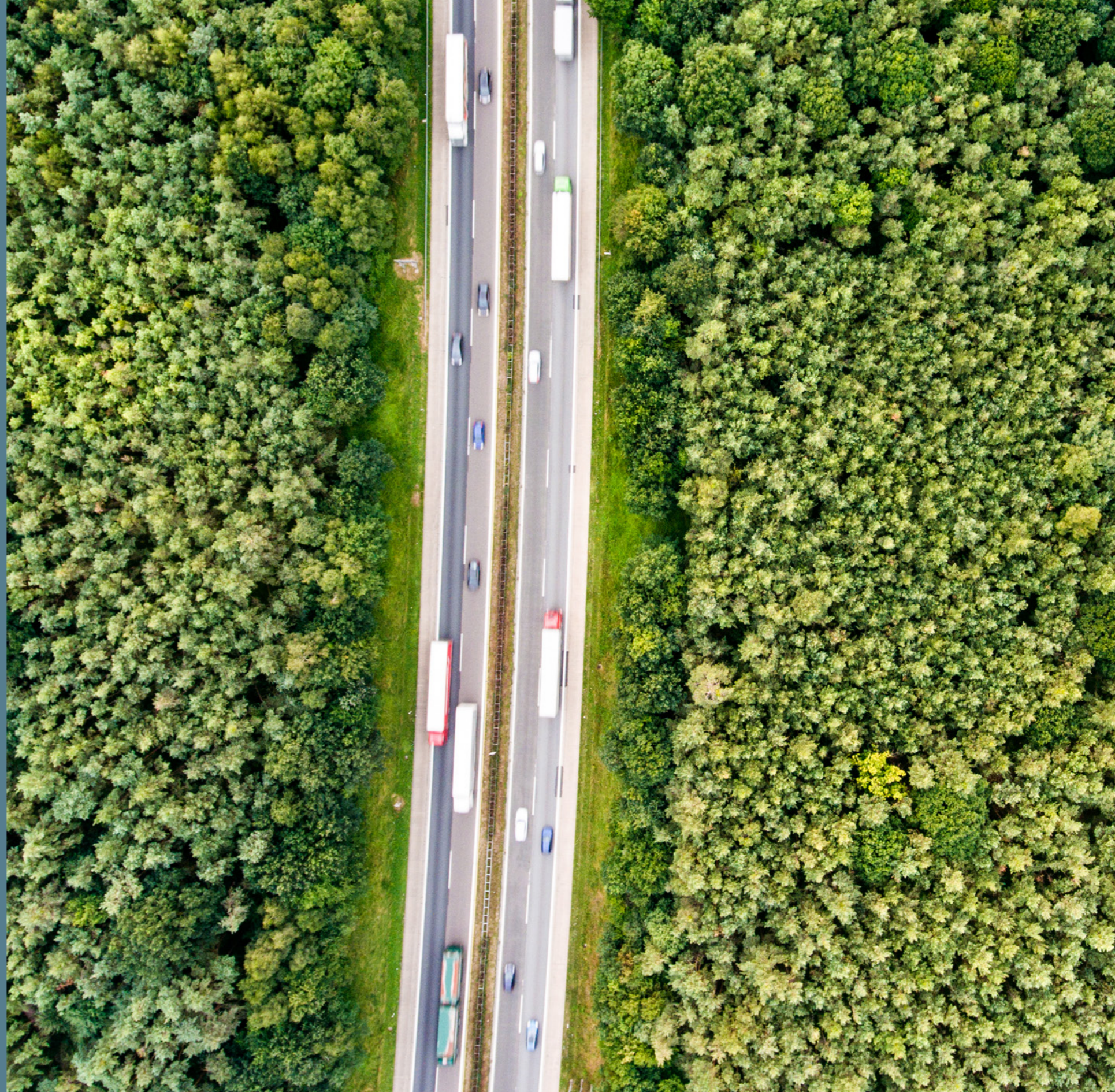




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Introduction to COFRA

A letter from our CEO

Boudewijn
Beerkens



Dear reader

Throughout our 182-year history, each generation has sought to adapt to the context and challenges of its time, defining and redefining what aspiring to be a force for good through business means. Our mission to amaze our customers and be a force for good, both in what we do and how we do it, has meant engaging with our communities, our stakeholders and maintaining a generational perspective. These traits have kept the family enterprise grounded and connected while informing how it operated: by focusing not only on the success of the business, but also on the success of the whole.

It is this focus on the success of the whole that instils in us today a heightened sense of urgency, which is felt deeply throughout the organisation and which often leads to challenging reflections. What does it take to live up to our



mission? When are we doing enough? In the face of continuous climate breakdown and growing inequality, the sense of urgency is high and we cannot act fast enough to address these significant global challenges. We have recognised across COFRA that together as a group of businesses we may be able to achieve more and perhaps even become a driver of change with others. We have built expertise to better support our businesses, so that they can be bolder and more ambitious in supporting our Group impact goals. In 2021, we developed a Group climate strategy, and committed to science-based targets in line with the 1.5°C pathway.

Still, the question remains: Can we do more? Our most urgent priority has been to take action to slow down climate change. Next, we must rethink what is possible for our respective industries. With sustainable impact firmly rooted in the core of our COFRA business strategy, we are seeking to drive solutions, moving beyond our industry's framings to support key transitions. This is a tough journey, where we must continuously ask ourselves, What is good enough? We know that what is good enough today will not be good enough tomorrow.

To support a more regenerative world, we seek to further decarbonise our existing businesses while continuing to diversify our Group in support of the transitions in key industries. Given the size of the challenge, if we are to succeed we need to explore novel ways to amplify our actions. We are joining forces with talented people who share our passion

and view of the world and society, as well as with other forward-thinking partners, investors, and thought leaders to increase our combined scale and impact.

This report is a reflection of some of the steps we have been taking in this area. While essentially only a snapshot of our actions and ambitions in the area of climate, we hope that it will inspire a continued dialogue informed by the commitment to drive meaningful action.

I invite everyone who shares this commitment to reach out to explore ways of accelerating this journey together.

Boudewijn Beerkens
CEO, COFRA

“We know that what is good enough today will not be good enough tomorrow.”

Boudewijn Beerkens

The role of business in tackling the climate crisis

Businesses have an important role to play in limiting the effects of the climate crisis, and there are signs they are starting to take positive action: as of March 2023, over 2,300 companies have had their science-based targets approved by the Science Based Targets initiative (SBTi). The SBTi's [2021 Progress Report](#) reveals that one third of global market capitalisation has committed to climate action through the initiative, and 1.5 billion tonnes of CO₂ are covered by the SBTi across companies' Scopes 1 and 2.

The consequences of inaction are immense, as the most recent update from the UN Intergovernmental Panel on Climate Change makes plain. Our planet has already warmed by 1.1°C. This is damaging and disrupting our world right now, and is disproportionately affecting vulnerable communities who are least to blame for the negative effects.

The climate crisis is clearly the most important topic for our generation. As businesses, we must do everything we can to play our part. Most immediately, we need to reduce greenhouse gas emissions as quickly as possible in order to limit global warming to 1.5°C.

By taking urgent action and building partnerships across our industries and value chains, we can create a healthier, cleaner, fairer and more resilient world. By reducing emissions and exploring the innovative technologies and solutions being developed all over the globe at this very minute, businesses can even stimulate an exciting new generation of jobs and lifestyles that benefit individuals, communities and nature alike.



COFRA as a family-owned business



One of the key beliefs at COFRA is that we do not inherit the world from our parents; we borrow it from our children. As custodians of the world we live in, it is our collective aspiration to protect it and return it on to the next generation in a better state than we received it.

Family-owned for six generations, COFRA is united around a common mission: to amaze customers and be a force for good – both in what we do and how we do it. As a business, it has always been our aspiration to take care of the communities we are part of, and their people. Today, understanding the full challenge we face, we look to contribute to solutions and support key industry

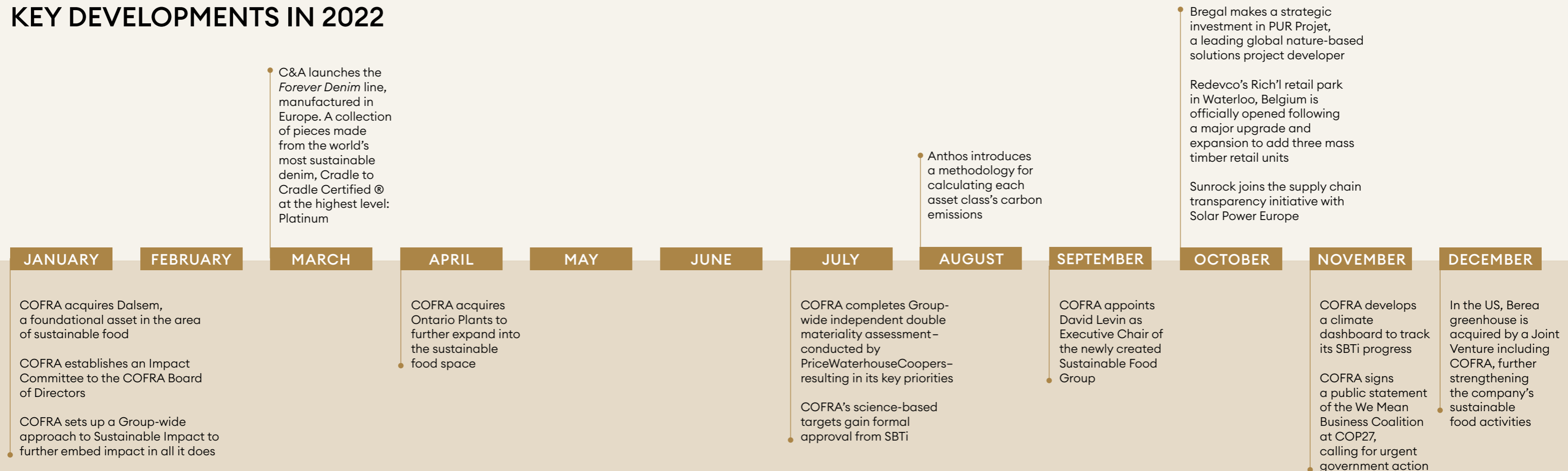
transitions through our businesses. We recognise that this is something we cannot do alone and increasingly seek to partner with others to develop market propositions that can contribute to the systemic change we recognise is needed to help create a liveable planet and equitable society in the future. We see great opportunity to build collaboration further in the years ahead, and working together with and through others, there is much we can achieve.

Each of our businesses supports system transitions: towards liveable cities (Redevco); a more circular economy of production and consumption (C&A);

cleaner energy (Sunrock) and sustainable food (through our Sustainable Food Group comprising Dalsem and Ontario Plants), underpinned by a move towards more responsible capital (Bregal and Anthos Fund & Asset Management).

As the flourishing of these businesses over the years demonstrates, commercial relationships based on trust and fairness with all stakeholders can generate sustainable growth.

KEY DEVELOPMENTS IN 2022





Our Vision 2030

A role for family-owned businesses

In the face of the greatest challenge of our lifetime, one that is already affecting our children today, we are aware that doing nothing is not an option. We recognise that as a privately held family business, we are able to think and act toward long-term commitments in a way that others may not be.

In many countries, family-owned businesses are the most common type of business. Many are key players in some of the most carbon-intensive industries, such as shipping, automotive, and retail. Their volume, scale and role in these industries means that family businesses have potential to contribute to the transition through cutting emissions and developing clean technologies. Even by catalysing only a fraction of global family-owned businesses to mitigate the impacts of climate change, we could potentially accelerate the transition to a fair, sustainable, climate-positive economy in a meaningful way.

At COFRA, we will continue to step up to the challenge, by exploring and embracing new approaches and partnerships that maximise the impact of combined capital, capabilities and aspirations. As a family-owned business, we are taking these steps thoughtfully, with future generations in mind. We welcome and encourage everyone to join us.





Our systems-change approach

The climate crisis demands change that goes far beyond a single business or industry. Solving interconnected problems requires a systemic approach that addresses the root causes holistically and collaboratively, instead of trying to firefight symptoms of the individual issues. That is why, we set out what we call Vision 2030, a vision of how we believe COFRA, and its businesses, can best contribute to five vital systems transitions to help preserve a liveable planet and create an equitable society:

1. Urban transition

With the world's population projected to grow by two billion by 2050, housing and commercial space will be in high demand. Cities will act as powerful magnets that draw in resources, consume them and release waste into the environment. Our cities need to become more sustainable and resilient. We want to contribute by rethinking the built environment and creating vibrant locations that make cities better places to live, work and play. Today we are already developing

energy-efficient buildings, implementing sustainable design practices and using renewable energy sources.

2. Energy transition

The world urgently needs to implement renewable energy systems to replace fossil-fuel systems, the largest driver of global carbon emissions. Rooftop solar energy systems installed on commercial and industrial buildings utilise the built environment to provide clean energy and create long-term employment.

3. Capital transition

The current capital system needs to consider its impact more thoroughly on the world at large, and actively work towards a better future for the planet and its people. Private finance has an important role to play and should align with climate goals by investing in solutions that accelerate systemic change beyond the financial industry.

4. Food transition

Our current food system is harmful to the environment and to the health of humans and the animals and plants sharing our planet. Global food production methods need to change. By using advanced technologies to grow crops in a controlled environment, we can reduce the amount of energy required for food production and minimise food waste.

5. Production and consumption transition

Much of the world runs on an economic system that is built on an ecologically destructive linear model. To improve resource efficiency and more sustainable consumption patterns, we need to move towards a circular and regenerative economy. This requires innovative thinking and novel business models as well as a shift in consumer behaviour.

Our Vision 2030 takes our mission – the why – and translates it into where we want to make an impact, through our businesses. This report outlines some examples of how our businesses inspire us in translating our vision into action across the Group.

Our sustainable impact

In 2022, inspired by our mission and strategy, COFRA adopted a sustainable impact approach based on our first Group-wide double materiality assessment, conducted by PriceWaterhouseCoopers (PwC).

Our priority topics, as defined by our materiality assessment, include Climate Change; Nature and Biodiversity; Inclusion, Diversity and Equity; and Human Rights and Labour Practices. We originally began working on our first priority, climate change, in 2021, as soon as we had finalised our Group-wide climate strategy and implementation plan.

Now that our climate ambitions have been defined, and work to achieve them is underway, we are determined to continually evolve our ambitions while also furthering our understanding

and progress on our other priorities. With representation from across our businesses, we have established communities of practice to understand and articulate how we will engage with each, and to determine a shared ambition. The first of those communities, launched in early 2023, focuses on Human Rights and Labour Practices. Its goal is to develop our Group's human rights strategy and policy, as well as to create a community of expert ambassadors, to help each of our businesses understand the importance of this topic in their industries.

We are on an exciting, challenging and sometimes bumpy road, with many answers still to be found. We are dedicated to making progress towards these four priorities in pursuit of our Vision 2030 during the years to come.



Our materiality process

In 2022, we conducted an independent double materiality assessment to help determine our Group's sustainable impact priorities and focus our sustainability efforts. During the process, we engaged with a range of different stakeholders, using surveys and interviews to determine how they rate the impact and financial relevance of each topic.

Based on the outcome of the assessment, we are shaping our efforts around the following key principles:

1. Convergence around core ambitions we want to address as Group-wide priorities:
 - Climate Change
 - Nature and Biodiversity
 - Inclusion, Diversity and Equity
 - Human Rights and Labour Practices
2. Recognition that the speed at which the four priorities can be addressed differs from one business to the next
3. Recognition that proper implementation to achieve our goals will require significant operational efforts across the entire organisation
4. Initial focus on climate implementation, to build organisational readiness alongside the structures and capabilities in preparation for embedding an impact in how we work



Strengthening our capabilities and accountability

To ensure that purpose and performance are mutually enhancing, we recognised that we needed to strengthen our capabilities, way of working and accountability in the area of Sustainable Impact. Although we have many thought leaders and experts across our enterprise, we believe that making a positive impact through business is not something to be delegated to one department or one leader. It is up to all of us to integrate this way of thinking and acting in how we work.

To more effectively drive our efforts, we set up a dedicated Sustainable Impact team at Group level in 2022. The team seeks to anticipate, identify and implement ways in which our Group can enhance its impact overall. Simultaneously, we established an Impact Committee that reports to and advises the COFRA Board of Directors. We also convened an Impact Leadership team, consisting of Sustainability Leads from across the businesses, with the goal of co-creating strategies and sharing best practices.

More broadly, we are looking at how to improve impact data availability, quality and management with a strong focus on collecting data to embed impact into business decision making across the Group – from Finance to HR.



Our climate strategy

Our climate strategy

Across all areas of impact, we continually monitor the latest available understanding of possible corporate action and adjust our strategy accordingly. It is evident that the causes and consequences of climate change need to be addressed with urgency, which is why we have prioritised it as the COFRA Group's first focus area.

By evolving our businesses, forming partnerships, investing in new companies and solutions and pooling expertise, we aspire to do our part towards helping society meet its commitments to the Paris Agreement. Our strategy requires us to consider climate change in every decision we make. COFRA's role is to catalyse action across each of our businesses by:

- **Setting the strategic path.** We are working with each of our businesses to ensure they implement climate strategies that achieve real reductions. This includes incorporating emissions reduction targets and building understanding of how to make their activities and investments more resilient to the effects of climate change.
- **Providing capital.** By taking a long-term view that is not driven purely by the pursuit of short-term financial gain, we can help our businesses make the necessary investments.
- **Pooling expertise.** We can speed up action by sharing the capabilities in our teams and creating new opportunities for progress.

We are also evolving COFRA's portfolio to invest in solutions that tackle climate change and ensure our businesses have a sustainable future. We are aiming to develop solutions and actively look for relevant opportunities, such as our acquisitions in clean energy and in sustainable food. In the investment funds we manage, we direct our capital towards a wide range of climate solutions and urge the companies we have stakes in to transition to net zero emissions.

Introducing our climate strategy action steps

Within our climate strategy, we have developed three clearly defined steps that guide the priorities of our climate activities, where the first is our ultimate priority:

1. **Reducing emissions** – committing to reduction targets and ultimately net zero through validated science-based targets
2. **Developing a clear, high-quality compensation strategy** – offsetting our residual emissions
3. **Mitigating climate risk and enabling adaptation** – preparing for a changing world

By pursuing these three specific areas of focus, we believe we can fulfil the ambitions of our climate strategy.

Internally, we are working to assess the impacts of all our businesses. We have created a climate dashboard, taking a bottom-up approach to track the emissions per business, and are aggregating data to help senior executives understand our progress towards reducing our climate impact, so that they can make business decisions accordingly.



Our climate strategy

Reducing our emissions

Reducing emissions to net zero requires the world to change how almost everything is made, moved, consumed and recycled. Every government and every business needs to find sustainable ways to realign their activities.

COFRA is dedicated to cutting our emissions to achieve net zero. To do this, we have committed to a science-based target for our business portfolio, as well as science-based targets for COFRA, the holding company. These targets have been validated by the Science-Based Targets initiative (SBTi):

1. 50% reduction in Scope 1 and 2 emissions to be achieved by 2030, relative to a 2019 baseline
2. 50% reduction in platform Scope 3 emissions by 2030, relative to a 2019 baseline
3. By 2025, all current and new COFRA businesses to have either validated or committed to science-based targets

We are on track to formalise science-based targets for the whole Group before 2025: Sunrock, Bregal Investments, COFRA Holding including Anthos and C&A Europe all have approved science-based targets. Redevco is in the validation process with the SBTi, while Dalsem and Ontario Plants Propagation are currently measuring their emissions baselines. Now that the targets have been set, we are working hard to achieve them. Of course, we will continue to assess if new insights

are available that will require us to change our targets or define new targets.

We expect unforeseen challenges and changes in the solutions available to us. Nevertheless, we are committed to being persistent and ensuring our businesses take practical and substantive steps towards our goals.

Net zero pathway

In 2021, COFRA's Board also endorsed a long-term net zero emissions target for COFRA to achieve by 2040. Although at the time SBTi had not yet provided further guidance on net zero, it did so after we defined our strategy with their Corporate Net Zero Standard.

Developing a clear, high quality compensation strategy

Reducing emissions in line with science is our priority. At the same time, we are aware that residual emissions will remain, at least in the short term. We are committed to compensating those residual emissions, and to support this we have set the following targets for emissions compensation:

1. Compensation of our directly controlled emissions (Scope 1 and 2 and directly controlled Scope 3): each business and COFRA Holding as well has an interim target for compensating these emissions. The timing for these interim targets depends on the specific business but falls between 2021 and 2028. COFRA Holding fully compensates for its

directly controlled emissions already. At the time of writing, this accounts for approximately 5% to 8% of our total directly controlled emissions.

2. Compensation of all emissions, including indirectly controlled Scope 3 emissions: in light of the further guidance on net zero that SBTi has published, we will work together with our businesses to first implement the reduction efforts and next establish our long-term pathway for defining and achieving the net zero ambition for each of our businesses.

We look to source high-quality offset projects that maximise climate, socio-economic and ecological benefits for local communities and ecosystems. We only purchase certified carbon credits from widely recognised third-party verification bodies. Crucially, we conduct thorough due diligence into potential offset providers and are in the process of entering into long-term partnerships with those we select. Through this approach, we can remain confident about the quality of credits we acquire.

Mitigating climate risk and enabling adaptation

There are two main types of climate-related risks: physical risks and transition risks. While physical risks result from climate events, shocks and stresses, transition risks arise from exposure to the ongoing shift towards a low-carbon economy, including changes in policy, technology and consumer behaviour. Both risks

potentially have long- and short-term consequences. It is therefore vital to understand the impact of climate change and the policy measures being introduced to support the transition to a low-carbon economy.

COFRA is currently mapping out existing efforts to manage climate-related risks within our Group. Once complete, the next step will be to determine any gaps and omissions and identify mitigating actions and implementation plans. These will be integrated into our risk identification, mitigation and reporting processes.



Science-Based Targets initiative's Net Zero Pathway

Understanding our impact

- COFRA has committed to science-based targets which have been validated by the Science Based Targets initiative (SBTi)

Aligning our business ambitions

- By 2025, COFRA current and new businesses to either have validated or committed to science-based targets

Scaling up our actions

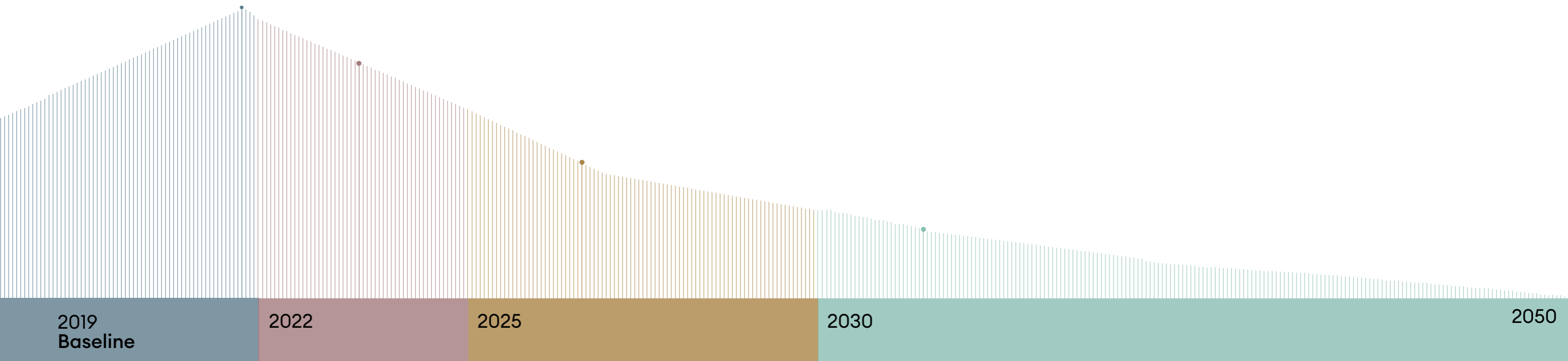
- 50% reduction of Scope 1 and Scope 2 emissions to be achieved by 2030 from a 2019 baseline
- Our businesses will drive a reduction in line with 1.5°C pathway to deliver on their SBTs for 2030

- 50% reduction of directly controlled Scope 3 emissions (business travel) by 2030 from a 2019 baseline

Driving change and reaching our ambition

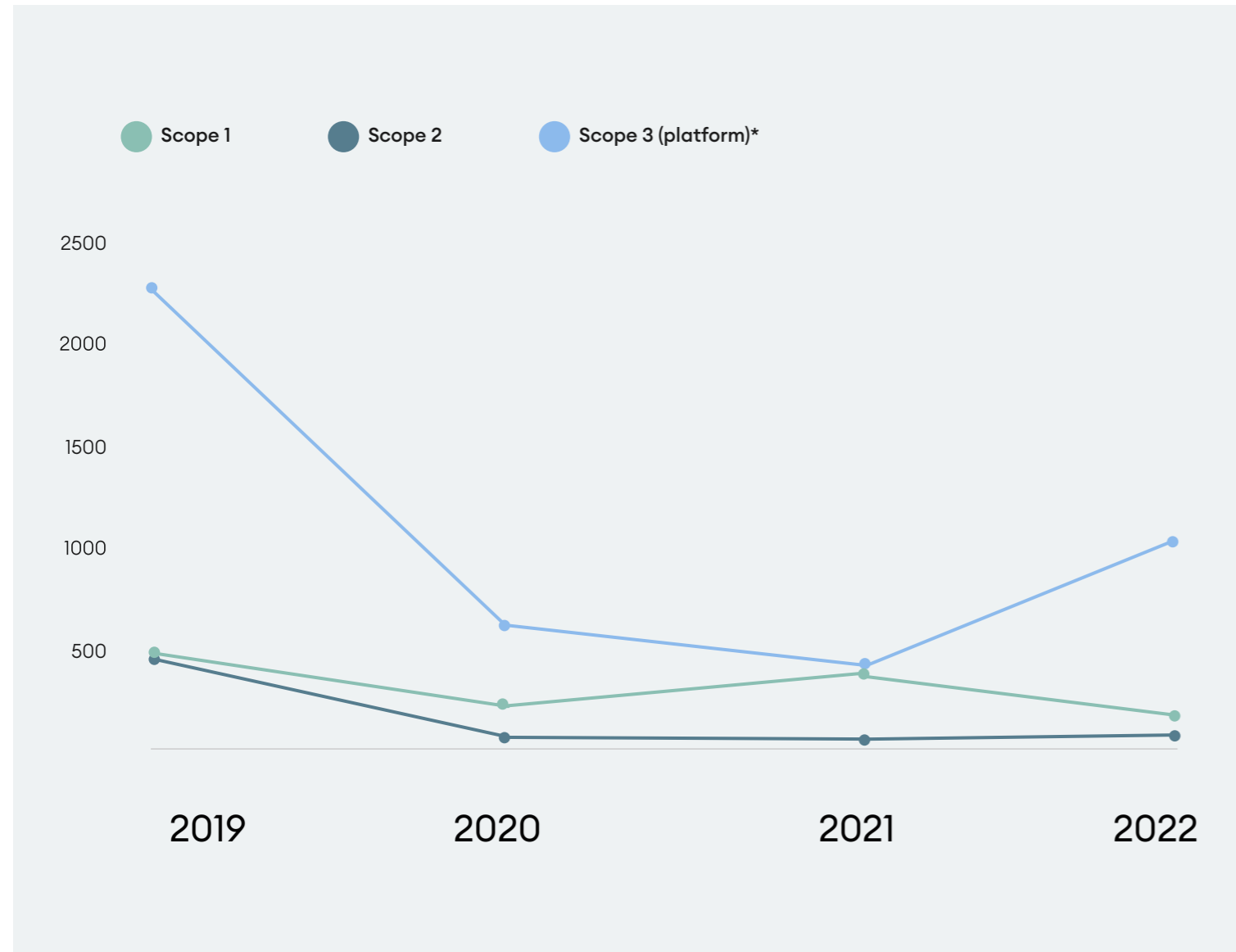
- COFRA plans to reduce an additional **50%** of emissions between 2030 and 2040
- Compensate all of our residual emissions across **Scope 1, 2 and 3** by 2040

- The COFRA Board of Directors has endorsed Net Zero as an aspirational direction for 2040. Long-term SBTs need to be set in the coming years, which could result in a higher reduction than currently stated in our 2021 climate strategy



Scope 1, 2, and 3 emissions (tCO₂e)

COFRA HOLDING



We have recalculated and restated our base year (FY 2019) across Scope 1 and Scope 2 to reflect an improved data inventory and ensure consistent calculation methods for each reporting year.

While the numbers seem to show that we are already meeting our science-based target, the decrease may be a result of COVID-19 (less travel). At the same time, COVID-19 has led to a structural change in the way we work (less face to face, requiring less travel), which leads to lower emissions.

For more data and our methodology, please see Annexe 1 and 2.

* Scope 3 (platform) includes emissions from Business Travel, Employee Commuting, and Fuel- and energy-related activities.

Interview with COFRA Senior Manager Climate Change, Dorine Helmer

How does COFRA's climate strategy support our Vision 2030?

Our aim is to support five systemic transitions through the activities of our businesses. Making any sector more sustainable involves reducing our negative impact of greenhouse gas emissions from current activities, and increasing our positive impact by investing in new businesses and products that offer solutions to limit global warming to 1.5°C. In the energy sector, the transition is slightly different. While renewable energy itself is a lever for addressing climate change, the business still needs to operate holistically, taking into account social and broader environmental impacts, too.

Climate is closely interwoven with other sustainability issues. So how do you address these topics holistically?

Our Sustainable Impact approach follows four principles and four Group-wide priorities topics. We are fully aware that these are interconnected, and we apply multiple lenses in our work. For example, we are embarking on a process to co-create a Group Human Rights Strategy, and supporting a just and fair transition will be a significant part of that. Whenever we make an investment decision, we include impact in our due diligence, looking at both environmental and social aspects and how they affect one another.

To implement a climate strategy and reduction pathway, an organisation needs to be able and capable. What have you done in terms of culture and

capabilities to reinforce your climate strategy?

Our first step was to develop a bespoke COFRA Group Climate 101 training. Our colleagues were asking for this, as we know the topic is very technical and often complex. With this, we aimed to help our colleagues understand the wider context and form a better understanding of what we are doing at the level of the holding company and the businesses to support climate action. Next, we held training sessions for each team to look at how they could apply climate action in their jobs and co-create action. Through our employee philanthropy programme, we have seized on multiple moments to raise awareness by supporting and matching donations to climate-related foundations.

What are you most excited about regarding the work that COFRA is undertaking in the climate and sustainability spaces?

I am actually quite positive that it can be done. We have established our strategy and implementation plan, technology costs have come down, and policies and regulations are in the making that support the transition. Now we need to act, and implement the change needed, by working together with suppliers and customers in our supply chain. This is possible, we just need to be organised, focus our organisation's efforts on implementing decarbonisation, work together with key partners in the supply chain and elsewhere and get it done!

The future of our climate agenda

Our decarbonisation priorities as a Group

COFRA and all our businesses are on the path to reducing emissions and realising our Group’s science-based targets. Although the decarbonisation paths differ per business, our businesses apply the following greenhouse gas (GHG) reduction levers:

- **Reduce energy consumption and increase energy efficiency wherever possible:** e.g. cutting down business travel by meeting online, improving insulation of buildings or switching to LED lighting
- **Reduce fossil fuel use and increase renewable energy use:**
 - Power use: switch to renewable energy, either by producing energy ourselves or by buying renewable energy from utility companies
 - Heat and transportation fuels: electrify former fossil-fuel-based energy use (e.g., electric vehicles, heat pumps) or switch to other clean energy sources (e.g., green gas, biomass, Sustainable Aviation Fuel)

To ensure we implement these reduction levers in a timely manner, we are taking the following steps as a Group to drive our GHG reduction from 2023 onwards:

- Embedding climate in the core metrics and processes that govern how we do business. For example, incorporating climate in our strategic planning process to ensure that sufficient capital and capabilities are allocated for GHG reduction.

- Piloting internal carbon pricing and integrating GHG reduction targets in executive remuneration to further drive reduction. If these pilots prove successful, we will implement these incentives Group-wide.
- Continuously improving our decarbonisation approach and running decarbonisation programmes to implement further GHG reduction such as ensuring high-quality decarbonisation projections to feed into the strategic planning cycle.
- Delivering the required innovations for GHG reduction by working together with customers, suppliers and the wider sector: while many GHG reduction options are relatively mature, some require technological, process or product innovation to deliver the required GHG reductions in line with the 1.5°C pathway.
- Collaborating within the value chain: our respective businesses seek to collaborate in their value chains (with suppliers as well as customers) and/or engage with fund managers and (co-) investors to achieve GHG reductions.
- Continuing to improve data gathering methods and data quality over time, which you can read more about in Annexe 1 (page 34).

While we are taking multiple steps to reduce our emissions, we are aware that this is just the start of a road that is likely to involve numerous twists and turns as technological solutions and understanding develops.

The centre of our climate strategy will continue to be investing in solutions that support the systems transitions we aim to contribute to. Alongside this, we are investigating and establishing a compensation strategy for our residual emissions and building our capability to secure a pipeline of high-quality offsets.

We also need to prepare for climate-related risks by developing a climate adaptation strategy. This strategy will include an assessment of the potential impacts of climate change on our business, a plan for managing these risks and a defined approach for taking advantage of opportunities that arise.





Our climate action

More sustainable and liveable cities

By 2050, the world's population is projected to have grown by 20% to 9.7 billion people, and the UN forecasts that 70% of those people will be living in urban areas. This will mean more buildings, which already represent approximately 40% of all carbon emissions worldwide.

A change is needed. New buildings need to be less carbon intensive, more energy efficient and should be powered by cleaner energy. Older buildings need to be retrofitted to reduce their impact.

By creating healthier cities and affordable housing, cities can provide for more equal and inclusive communities. This needs to be considered when planning urban areas, to ensure that cities become liveable and vibrant.



“The architecture and design are a perfect fit for the urban context of Waterloo and our overall redevelopment strategy to increase the architectural quality and reduce the environmental impact of our real estate projects.”

GILLES BOURGOIGNIE
Head of Development, Redevco

CASE STUDY

RICH'L, Waterloo: an outdoor shopping destination with exemplary sustainability

“RICH'L is strategically located at the entrance to Waterloo in Belgium, making it an iconic site for Redevco,” explains Filip de Bois, Redevco's Portfolio Director Belgium.

Last year, the company cut the ribbon on the completely redeveloped RICH'L shopping complex. After four years of construction work, the new carbon-neutral buildings embody the company's ambition to help make cities more sustainable and liveable, developing futureproof and vibrant places in dynamic urban locations where people live, work and play.

Redevco planned the work using Trias Energetica principles, ensuring that the least amount of energy possible was consumed in each stage of the project. This included extensive insulation, rainwater recovery systems and more than 8,600m² of green roofs. Some of

the buildings are built from wood which, among other advantages, has better insulating qualities compared to concrete and steel.

The shopping centre's green lease contract system means that commercial-unit tenants commit to efficient heating and air conditioning. An array of 2,300 solar panels has been installed that produces more than 790 MWh of electricity per year – enough to power approximately 225 homes.

The site incorporates 16 electric vehicle charging stations, 36 bicycle spaces and six electric bike chargers, all available to visitors.

More sustainable and liveable cities

CASE STUDY

Project Solar: on-site renewable energy generation

In 2020, Redevco launched a project to provide as much on-site renewable energy as possible for its tenants. Increasing the proportion of renewable energy used by commercial tenants matters because it directly reduces Redevco's Scope 3 emissions, contributing to society's critical clean-energy transition. It also helps protect tenants from price volatility and energy security concerns, making these property assets more desirable and resilient.

During 2021 and 2022, Redevco installed more than 32,000 solar panels on the roofs of retail parks throughout Belgium. This equates to a total installed capacity of 11.6 MWp (Megawatt peak)*, which corresponds to the annual electricity consumption of more than 2,790 households**. The biggest single solar installation to date is at the C&A Distribution Centre in Boom, near Antwerp, with a capacity of 1.1 MWp.

Over the coming years, Redevco aims to install solar panels at all its retail parks in Belgium, a transformative project that could cover up to 200,000m² of roofs and create annual CO₂ savings in excess of 4,500 tonnes.

* Meagawatt-Peak definition can be found on p23 ** Based on average annual household consumption of 3,500 kWh.



CASE STUDY

Sustainable urban refurbishment in Lille

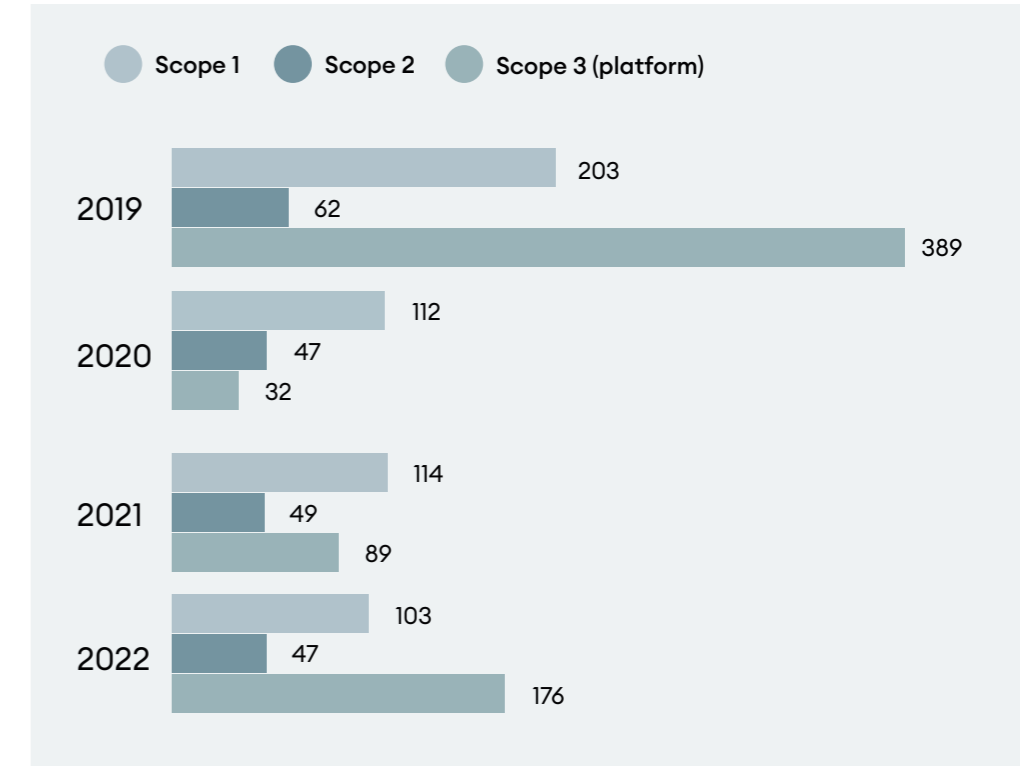
The centre of Lille underwent a much-anticipated upgrade in 2021 with the opening of Le31. By redeveloping an existing asset into an iconic building covering 25,000m², Redevco brought the city a new destination with a range of shopping experiences, office spaces, food outlets and leisure activities.

Work on the project started back in 2017 and incorporated a number of measures intended to enhance the sustainability of the building. Redevco replaced old heating and air-conditioning equipment with modern and more efficient alternatives, improved glazing to promote greater access to natural light and limit the use of artificial lighting, installed smart meters and created a new living, green roof.

With Le31, Redevco envisaged not only an attractive, multi-functional destination but also a connected, sustainable community of brands, partners and visitors. "We had to totally re-evaluate the city of tomorrow, remodelling the principles of coexistence for all the uses and services in order to respond to people's new aspirations," comments Thierry Cahierre, Managing Director of Redevco France. "This new ecosystem of working, living, learning and having fun will provide its users with activities that are communal, sustainable and diverse."

Occupied offices and own operations emissions (tCO₂e)

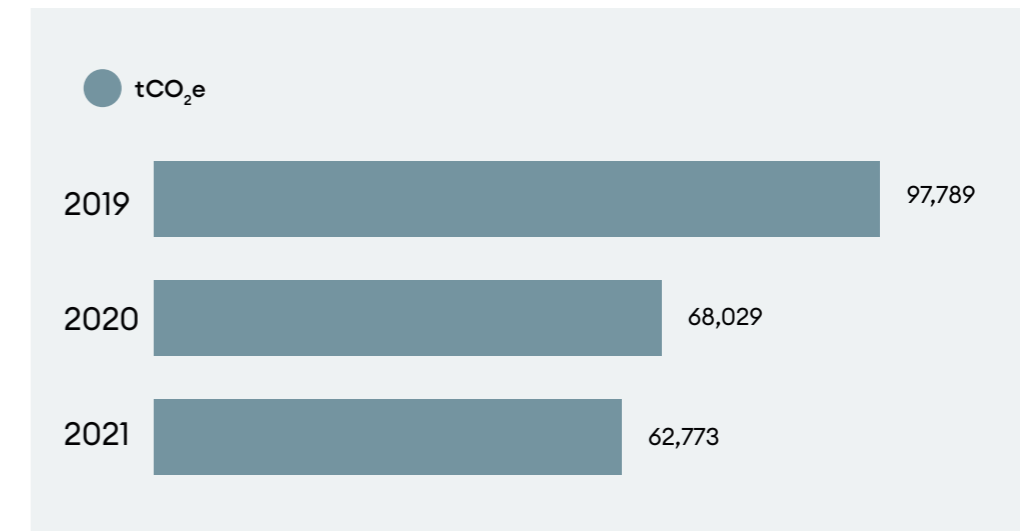
REDEVCO



* Scope 3 includes emissions from Business Travel and Fuel- and energy-related activities

Total assets under management (AuM) emissions

REDEVCO



Redevco's total AuM emissions (downstream leased assets) in 2022 is under review and will be published in next year's report.

Interview with Redevco Head of Sustainability, Clemens Brenninkmeijer, about the company's climate ambitions

Clemens Brenninkmeijer, Head of Sustainability at Redevco, tells us about the company's net zero ambitions.

What is driving your commitment to net zero?

Globally, the building sector is responsible for almost 40% of energy-related carbon emissions and 50% of resource consumption. If we do not take action, we expect the sector's footprint to double by 2060.

We made a commitment in 2019 to become net zero by 2040, and we are focusing on three key levers to get there: making our assets more energy efficient, installing on-site renewable energy generation and engaging with our tenants on sustainable procurement.

We are also starting to look at how we measure the carbon embodied in the production of building materials.

You recently signed a World Green Building Council pledge. What does that mean?

It commits us to ensuring that all buildings within our direct control operate at net zero by 2030, that we greatly reduce the embodied carbon in new developments and major renovations by 2030, and that we compensate for any residual operational and upfront embodied emissions within our control.

This equates to around a 50% reduction in absolute emissions by 2030. We are in the process of having our science-based

targets verified, tying us to reducing carbon emissions in line with limiting the average rise in global temperatures to 1.5°C.

How do you keep track of the effects of climate change on your real estate portfolio?

We want to make sure we build a portfolio that is resilient, so we have developed a Redevco climate risk assessment tool that includes city-level data on the risk of floods, heatwaves and other climate-related issues. We take the findings of this tool into account when we invest in or redevelop a building.

For example, in southern Europe, assets are at greater risk of heat stress during ever-hotter summers. So when planning costs, we specifically take account of a variety of measures, such as improving insulation and adding green roofs, to reduce the cooling loads required and keep energy consumption down.



Cleaner energy

Fossil fuels account for approximately 80% of the global energy demand today, and by 2040 the overall demand for energy is expected to have grown by at least 25%*.

Without an urgent transition to cleaner sources of energy such as solar and wind, the world will fail to meet the threshold for avoiding the worst effects of climate change.

To achieve the energy transition, there must be significant investment in clean energy infrastructure, changes to energy policy and regulatory frameworks, and promotion of energy-efficient technologies and practices. This will require collaboration and partnership across all sectors of society and a long-term commitment to sustainability.

* International Energy Agency 2020 World Energy Outlook



CASE STUDY

Cross-business collaboration to reduce emissions

Since 2022, Sunrock regularly publishes its collated greenhouse gas emissions data on the COFRA internal platform, making the information visible to COFRA so that it can be easily incorporated into Group-wide data overviews. This is the first time that Sunrock has been able to make its data available in an automated way, leading to more updated emissions insights and as a result, better management information and decision-making. The project was a collaborative effort, with a dedicated working group acting hand-in-hand with colleagues from Operations, Strategy, Finance and Innovations teams across Sunrock.

The next step is to adopt KPIs for carbon reduction across all of Sunrock's operations, particularly with regard to Scope 3 emissions. By using advanced visualisation tools, Sunrock aims to make the data as accessible as possible, helping the company create buy-in and ownership with internal stakeholders for vital emissions-reduction programmes.

CASE STUDY

An innovative experiment with energy storage

Accelerating the energy transition is vital if the world is going to avoid the worst effects of climate change. As the transition gathers pace, the number of buildings, vehicles and other products seeking to make use of clean, renewable energy will increase, and so too will the demand for solar power. But there is a disconnect between supply and demand, with the daylight hours that generate solar energy not always aligning with peak consumption moments. That is why experimenting with energy storage is such a critical part of making the transition a success.

“Sunrock is a market leader when it comes to covering large roofs with solar panels and realising energy solutions,” says the company's Director of Strategy,

Michiel Sluimers. “One of our key partners is Prologis. We have been working with them since 2016 to identify and trial innovative energy solutions.”

As that partnership continues to flourish, Sunrock is working with Prologis to test a giant battery at their DC5 complex in Tilburg in the Netherlands. Here, 4MW of solar energy is being generated across a total complex of 70,000m², with the surplus energy being stored in a battery the size of a shipping container.

Energy storage is essential for harnessing the full benefit of renewable sources and meeting our climate targets. The team looks forward to discovering the results of Sunrock's trial with battery technology and understanding where it can lead.



Interview with Sunrock CEO, Johannes Duijzer, about the company's climate ambitions

Johannes Duijzer, CEO at Sunrock, tells us about the company's role in facilitating the clean energy transition.

What is Sunrock's role in the energy transition?

Sunrock is currently the largest developer of solar roofs in the Netherlands, but we also develop projects on land and water. The energy transition is complex for everyone, and we help our clients take the right steps at the right time. We are well on our way to producing 2GWp* of energy generation capacity, and this number will only increase as we grow in the Netherlands and expand into the international market.

What new development are you most excited about?

One of the key challenges for renewable energy is matching supply to demand. For example, some countries have more sun than others, and some days are sunnier than others. This does not necessarily align with when and where people most need access to energy. That makes energy storage really critical. This is an area of keen interest to the renewable energy sector, and we are determined to be involved in finding solutions.

What synergies do you foresee with other COFRA businesses?

There are so many potential synergies between Sunrock and our fellow operating companies. Everyone needs energy! For example, we are currently

working with C&A to install solar panels on the roofs of its warehouses in Germany.

What do you see as Sunrock's greatest challenge in tackling the climate crisis?

I see two big, interlinked challenges. Firstly, scale. We are in the business of developing solutions to tackle climate change, so we need to scale up as fast as we can. Secondly, sustainability. We want to grow responsibly. That means we need to get better at measuring our emissions from both the production and end-of-life of our panels, so that we can track our reductions over time.

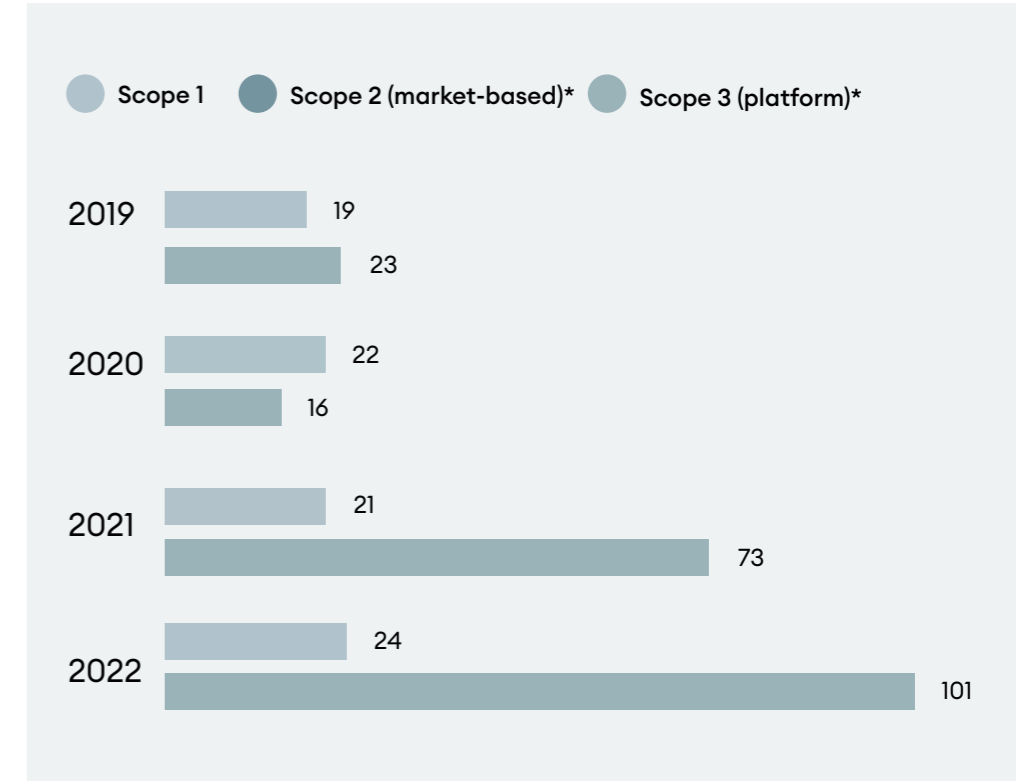
A Megawatt peak (or MWp) is a unit used to describe the rated maximum power output of solar power systems in ideal conditions. As the amount of sunlight varies throughout the day, solar power systems' energy output changes accordingly and ranges between zero and this MWp maximum.

* Scope 2 is not shown in this graph as 100% of purchased electricity is from renewable sources. Scope 3 (platform) includes emissions from Fuel- and energy-related activities, Business Travel, Employee Commuting, and Waste Generation in the office. As Sunrock scale its activities across Europe to support the energy transition, its Scope 3 platform emissions are increasing due to the growing number of employees and increased need for business travel. As the business grows, the challenge will be to do so in line with its climate ambitions.



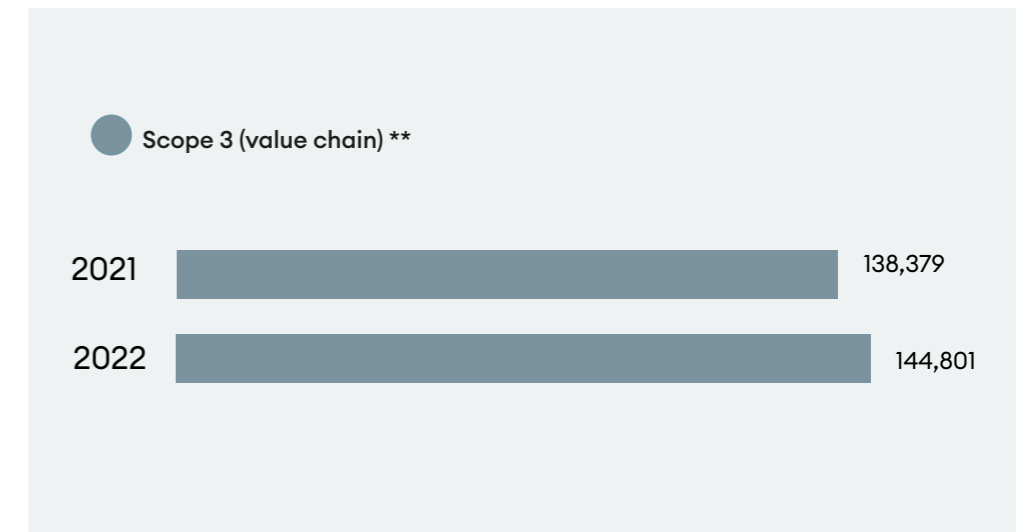
Scope 1, 2 & 3 (platform) emissions (tCO₂e)

SUNROCK



Scope 3 (value chain) emissions (tCO₂e)

SUNROCK



** Scope 3 value chain includes emissions from Purchased Goods and Services, Capital Goods, Upstream Transportation and Distribution, and Waste generated on PV site. Sunrock started to measure its supply chain emissions in 2021 as part of its SBTi commitment to measure and reduce its Scope 3 emissions.

More responsible capital

Systemic change is needed to transition to a more responsible capital system which balances the pursuit of profit with encouraging a more ethical, inclusive and equitable financial industry. Capital can be catalytic in helping drive this complex and costly change, to enable a better future for people and the planet.

A values-based approach to investing means that profit is not to be sought at any cost, and that both positive and negative impacts of an investment must be considered when making capital allocation decisions. This approach means taking into account the long-term wellbeing of all stakeholders, including local communities, customers and the environment.



CASE STUDY

Bregal Investments: climate targets and progress

We believe that science-based targets are imperative for all sectors to achieve net zero. To further change across the entire private equity sector, Bregal Investments (Bregal) co-led the development of the SBTi's Private Equity Sector Greenhouse Gas Accounting & Reporting Guidance in 2021, launched ahead of COP26 in Glasgow.

This guidance is tailored to the unique business models and investment characteristics of private equity firms. It provides an industry-specific overlay to global standards in order to support the distinctive process of emissions data collection, accounting and reporting that these companies have to navigate. It details the principles of collecting data and the methodologies for calculating GHG emissions at fund and business level for reporting to limited partners and other stakeholders. Backed by these valuable tools, private equity firms can then set meaningful science-based targets.

Private-equity-backed portfolio companies represent an ever-larger part of the world's economy. The guidance from the SBTi enables private equity firms to demonstrate their commitment to decarbonisation by working closely with portfolio companies to help set science-based targets.

Keen to reinforce its leading role in helping to reach net zero, in 2022 Bregal had its own emissions-reduction targets validated by the SBTi. These committed the business to:

- Reducing direct emissions by 50% by 2030
- Ensuring that 40% of its portfolio companies set science-based targets by 2025
- Ensuring that all its portfolio companies set science-based targets by 2030

As of December 2022, 21% of eligible companies in Bregal's portfolio had set their targets and a further 14% had submitted targets for validation. This puts Bregal well on track to achieve its 2025 ambition. This has been aided by a dedicated engagement programme to socialise the development and benefits of targets to portfolio companies, helping them to assess their carbon footprint baselines and partnering with them in developing decarbonisation roadmaps and targets aligned with the business plan for our investment.

Bregal has also been a proud signatory of the Net Zero Asset Managers initiative since 2021 and has set a target of 80% of total assets under management initially committed to be managed in line with net zero.



More responsible capital

CASE STUDY

How Bregal Unternehmerkapital helped Reline's decarbonisation

In 2022, Reline, a leading global supplier of hose liner systems for no-dig repair of damaged sewer and water pipes, and a portfolio company of Bregal Unternehmerkapital (BU), set ambitious climate targets in line with the Paris Agreement. In tandem with its objectives, Reline was also able to launch an operational decarbonisation project, thanks to a EUR 2.3 million shareholder loan provided by the Bregal Sustainable Development Fund (SDF), a programme that provides Bregal portfolio companies with low-interest shareholder loans for projects that do not match the typical risk-return profile of private equity investments but that increase the company's sustainability and long-term value.

The construction industry is a significant source of GHG emissions. Reline knew it could make a big contribution to reducing the sector's emissions because its technology requires fewer resources than traditional methods. As part of achieving its net zero science-based targets, the company determined that electrifying and automating its operations would allow it to reduce its material and energy usage. Reline approached the Bregal SDF for financing.

BU worked with Reline to develop a carbon footprint and decarbonisation roadmap. It also provided support on how to gain SBTi approval for its targets, and ultimately helped to secure the EUR 2.3 million shareholder loan.

Reline now has SBTi approval and has already achieved a 57% reduction in its Scope 1 and 2 emissions. By 2024, when the project is set to be completed, we estimate that the SDF loan will have helped Reline reduce its annual carbon footprint by more than 450 tCO₂e.

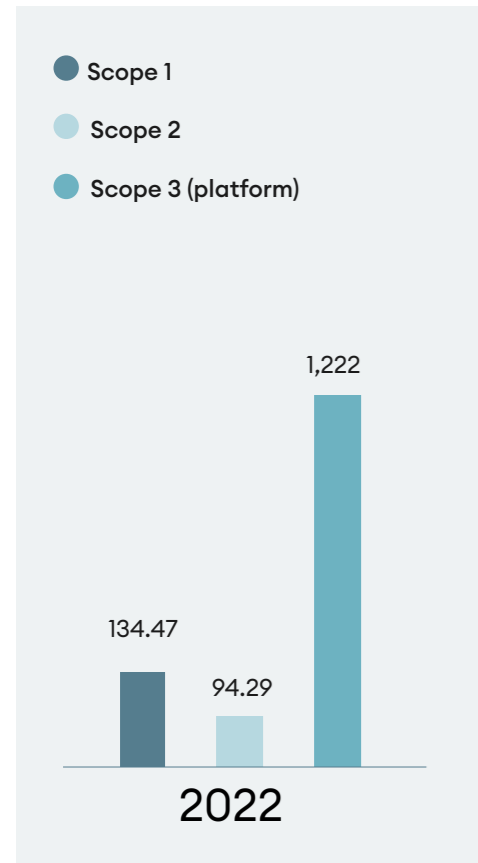
Bregal Investments engages with and spearheads multiple industry partnerships, such as the initiative Climat International (iCI), a private-equity-led organisation that aims to tackle climate change collaboratively and help achieve the objectives of the Paris Agreement. Since forming in 2015, the iCI has expanded internationally. It now comprises more than 160 firms representing over USD 3 trillion in assets under management.

Interview with Bregal Investments CEO, Alain Carrier, about investing in nature



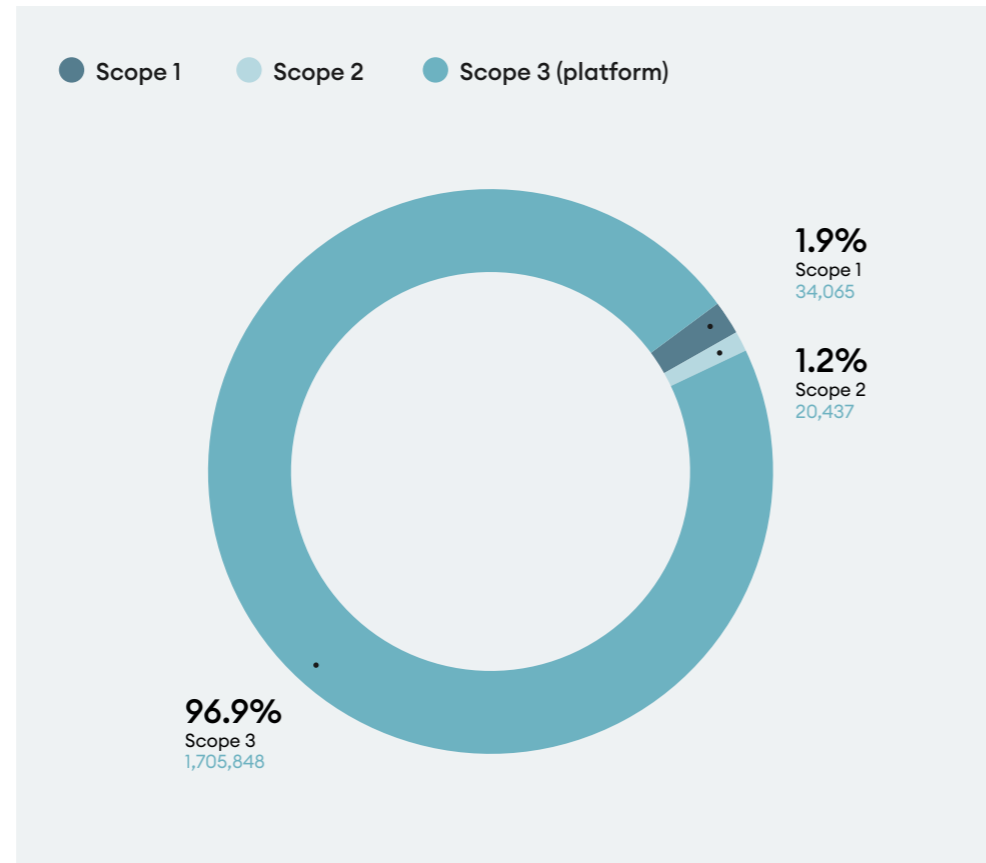
Platform emissions (tCO₂e)*

BREGAL



Portfolio emissions (tCO₂e)*

BREGAL



* Scope 3 categories include: Water, Waste, Fuel- and energy-related activities, Employee Commuting and Business Travel

* These figures reflect data from portfolio companies that underwent data collection for 2022, from direct funds that have received external capital (Bregal Sagemount, Bregal Milestone, and Bregal Unternehmerkapital). This represents 69% of portfolio companies by number of companies.

In October 2022, Bregal Investments made a majority investment and strategic partnership with PUR Projet (PUR), a leading international developer of high-quality nature-based solutions ('NbS') projects.

Can you explain why you made an investment in PUR?

Founded in 2008, PUR is a certified B Corp and a pioneer in the development of 'insetting' – working with clients to develop NbS projects within their supply chain which are designed to sequester and store carbon emissions while creating positive impacts for communities and the ecosystems they inhabit. As such, insetting offers a genuine route for companies to reach net zero – by reducing emissions within their own supply chains and helping them to meet their climate commitments.

How is Bregal creating positive impact through PUR?

Designed in close partnership with local communities, PUR's NbS projects aim to maintain and restore essential ecosystem services, improve community resilience through capacity building and income diversification activities, and support essential climate mitigation efforts. Through these projects, PUR has supported more than 50,000 farmers in rural areas across six continents; worked with communities to restore and preserve over 300,000 hectares of land; and planted over 20 million new trees.

Bregal's investment in PUR will aim to help scale the global development and deployment of high-quality NbS projects and support efforts to address the significant financing gap for nature and biodiversity.

How does this investment fit with Bregal?

Making capital work for the good of people and the planet is a societal imperative. Responsible and sustainable investment practices are a core part of our investment philosophy, and we are excited to be partnering with a mission-driven company such as PUR.

More responsible capital

CASE STUDY

Anthos signs up for *Klimaatcommitment*

As part of its dedication to achieving net zero, Anthos Fund & Asset Management signed up to the Dutch *Klimaatcommitment* (part of the country's Climate Agreement) in 2019. In 2022, the Dutch government hired KPMG to assess the signatories' progress towards this high-profile climate commitment for the financial sector. Anthos actively contributed to this assessment through its work for the Dutch Fund and Asset Management Association's climate expert group.

The first part of the assessment involved measuring and reporting on CO₂ emissions, while the second part analysed the action plans of all the companies that had signed up. Both reports have been submitted to the Dutch government and are now available to the public.

The Dutch Minister of Finance, in particular, sees opportunities for progress with regard to taking concrete actions and providing greater clarity about how those actions contribute to emissions reductions.

This is a very important milestone for the Dutch financial sector. As an exploration of the current achievements and plans of the signatories, it marks out Anthos's well-developed framework and actions as leaders in the field.

As we continue to evolve our net zero strategy, we believe that every part of society has a role to play in tackling the climate crisis: governments can impose standards on industries, prices, and subsidies, whilst companies can accelerate the development of sustainable products, and the financial sector can align its portfolios with the Paris Agreement as it provides the necessary finance for this critical transition.



More responsible capital

CASE STUDY

Expanding emissions methodologies to guide investment decisions

In 2022, Anthos and its clients' portfolios set about enhancing their range of emissions measurement methods. This will help to guide portfolio decisions with actionable information and set tangible targets to meet net zero commitments.

This involved measuring GHG emissions using two metrics: economic intensity and total emissions. The first of these metrics measures emissions in tonnes of CO₂e per million EUR invested. This is particularly helpful for setting targets in this sector as it reflects the pollution level of a portfolio regardless of its size.

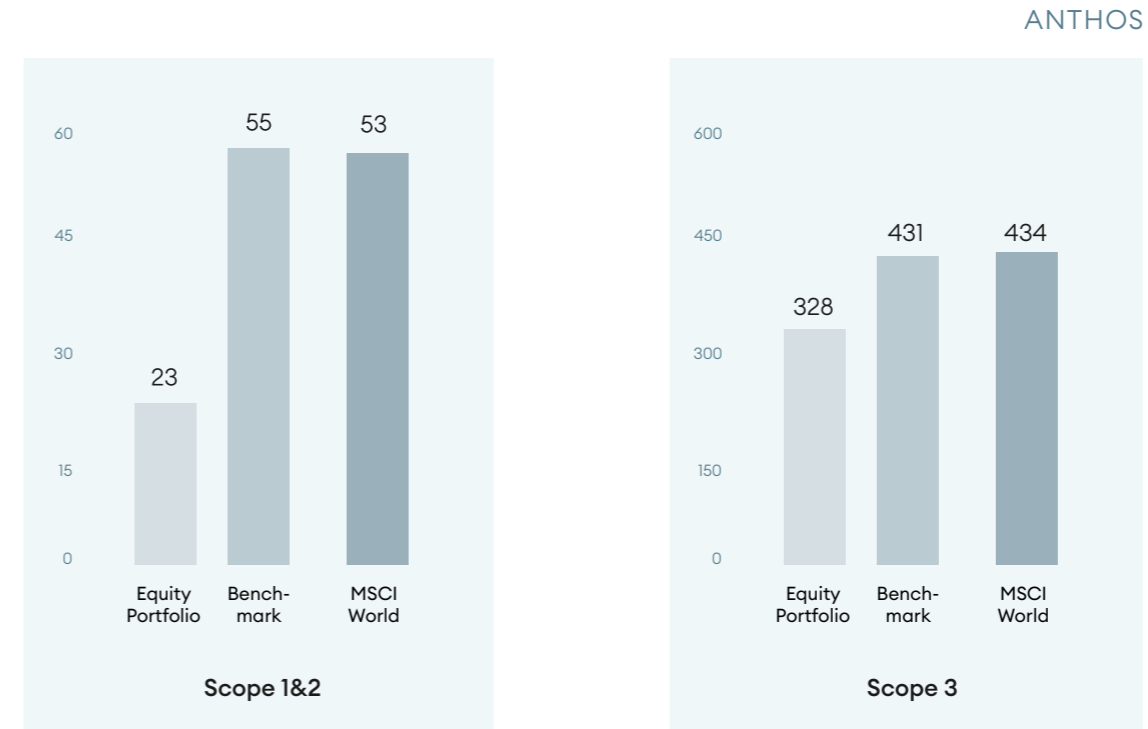
The diagram shown on the right showcases this economic intensity methodology using one of Anthos's equity portfolios. It demonstrates the significant drop in the portfolio's emissions over time and across all scopes, versus the benchmark and a broad market index, MSCI World. This reflects the climate considerations that the team make when investing.

Aside from a COVID-related bump in 2021 (after GHG emissions had fallen sharply during the first wave of the pandemic in 2020), the portfolio's emissions have generally decreased, while emissions for the benchmark and broader market have started to climb once again. This highlights

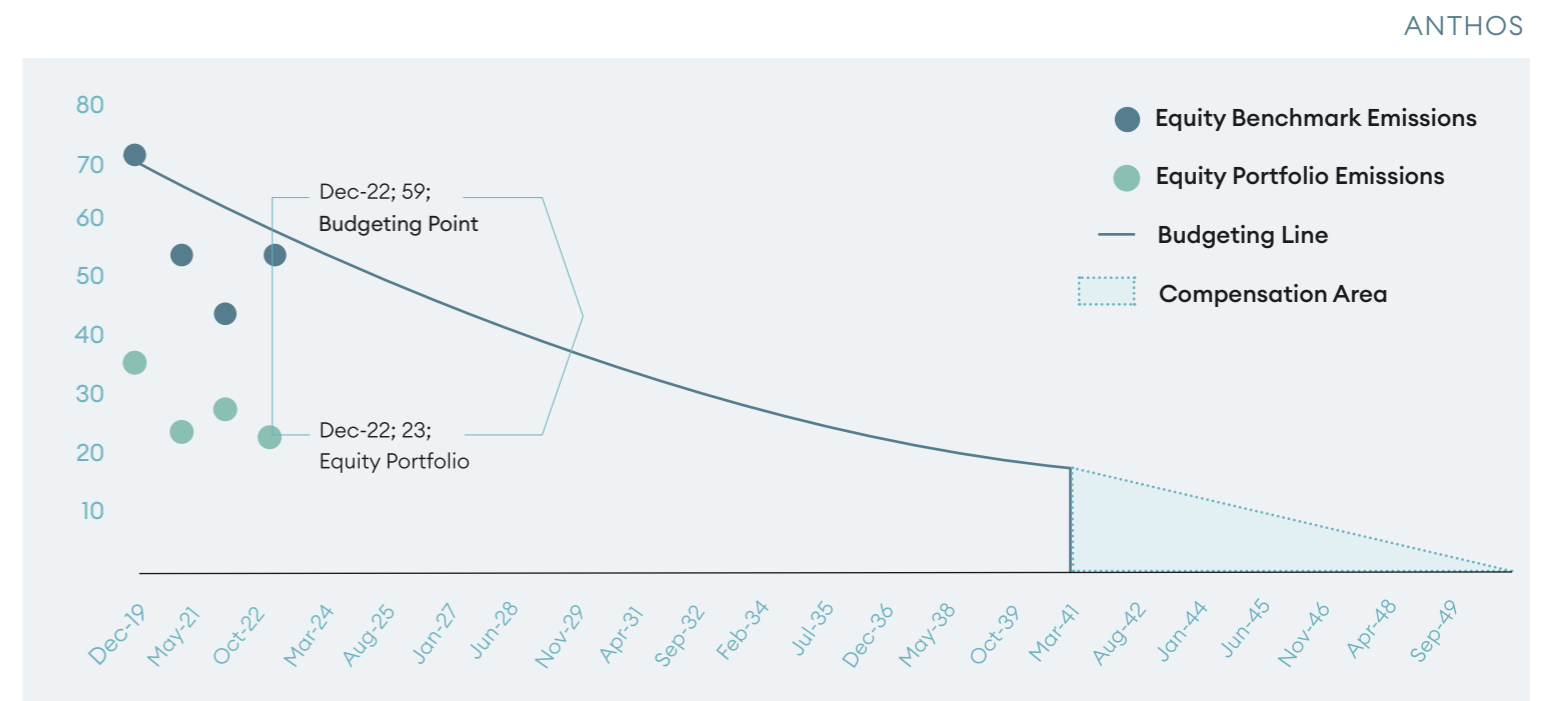
the investment team's dedication to sustainability. Anthos has been working hard to expand the remit of its emissions methodology across all asset classes. It hopes that, through sound emissions data, its investment managers will be empowered to influence the external managers and funds in their portfolios to improve their carbon performances. Ultimately, this means they can make more informed decisions on how to achieve reasonable financial returns while at the same time lowering carbon emissions.



2022 Economic GHG Intensity Scope 1,2,3 of Portfolio (tCO₂e/€ millions invested)



Equity portfolio net zero pathway (tCO₂e/€ millions invested)



Interview with CEO Jacco Maters on Anthos Fund & Asset Management’s climate ambitions

“In the absence of a direct relationship to influence the companies in our funds, it is important to select funds that intend to make a positive impact.”

JACCO MATERS
CEO, Anthos Fund & Asset Management



Jacco Maters, CEO of Anthos Fund & Asset Management, tells us how the company is helping investors to achieve a net zero future.

How is the financial sector responding to the climate crisis?

The number of investors looking to tackle environmental and social issues through their investments has increased significantly. This growing market demand means beneficiaries and clients are calling for greater transparency about how and where their money is invested, driven by an understanding that ESG factors influence company value, returns and reputation.

In addition, there has been a substantial increase in responsible investment regulation, as national and international regulators start to understand that the financial sector has a key part to play in meeting global challenges such as climate change.

What climate-related risks do you see for investors?

Markets today have not adequately priced in the likely near-term policy responses to climate change, even though physical changes are already having tangible financial implications for some sectors. That leaves portfolios exposed to significant risks. While investors cannot avoid those risks entirely, they can at least protect against them if they act now.

How is Anthos helping to tackle the climate crisis?

We are working to cut emissions from our operations. Of course, most carbon emissions happen within our funds. We have set an ambition to achieve net zero by 2040 for all assets under management. This means reducing emissions across our portfolio.

As well as reducing emissions by 50% for our equities and fixed income portfolios, we have set a target to increase our exposure to sustainable and impact investments to 25% of all assets under management by 2025.

In the absence of a direct relationship to influence the companies in our funds, it is important to select funds that intend to make a positive impact. We do this through monitoring the number of companies in a portfolio that have SBTi targets, for example, and ask them to engage with those that do not.

But we also need better data, and we are collaborating to get access to that data so that we can systematically track and manage it to have a greater impact on the climate.

* Emissions from Anthos’s Scope 3 Investments include Scope 1 and 2 of the following asset classes: Listed Equity, Corporate Fixed Income, Private Equity, Global Real Estate, Impact Investing, and most recently Sovereigns. Be aware that by including emissions from the Sovereigns asset class, there are instances of double counting of emissions generated by private sector companies, as they can be part of sovereign emissions and part of other asset classes.

2022 Emissions

ANTHOS

Unit: tCO ₂ e	2022
Total Scope 1	29.52
Fuel combustion	11.56
Company vehicles	17.96
Total Scope 2	16.97
Purchased electricity (market-based)	16.97
Purchased heating or cooling	-
Total Scope 3	214,635.66
Fuel- and energy-related activities	10.94
Business travel	280.21
Employee commuting	26.89
Investments*	214,317.62
Total Emissions	214,682.16

More sustainable food production

According to the World Bank, by 2050 global food production will need to be 50% higher to meet the demands of a growing and largely urban population.

However, against a backdrop of increasing weather volatility, land degradation and risks from pests and diseases, traditional open-field agriculture cannot be relied upon to provide safe, sustainable and nutritious food in the years ahead. Our system of producing food needs to change.

Controlled Environment Agriculture (CEA) uses less water, fertiliser and pesticides than open-field agriculture and typically has a higher yield for the same space. Production can be maintained year-round and is not affected by many extreme climate events. Greenhouse facilities can be situated close to large cities to ensure fresher produce, less food waste and lower transport-related emissions.

At present, large high-tech greenhouses largely rely on fossil fuels for energy. But innovative and sustainable technology is changing this as society moves towards solar, wind and geothermal energy sources.

To contribute to this transition, COFRA launched its Sustainable Food Group in September 2022, following two acquisitions in the sustainable food space earlier in the year: Ontario Plants Propagation Limited, the leading supplier of high-quality starter plants for hydroponic and organic greenhouse growers in North America, and Dalsem, a leading developer of complete, high-tech greenhouse projects worldwide.



CASE STUDY

Dalsem: the challenge of decarbonising a greenhouse

Greenhouses exist to maximise yields by creating the optimum climate for safe and nutritious food production. On a production scale, however, that means using water and energy, and generating CO₂ that contributes to GHG emissions.

The industry has been searching for ways to reduce the climate impact of food production. One recent innovation is X-AIR: a semi-closed greenhouse system. Dalsem is currently building three projects using X-AIR.

X-AIR has been developed in response to the market demand for sustainability, yield increase and energy savings. Its decentralised system ensures an even ventilation and better climate consistency through roof-level air-handling units placed directly across the growing area. This novel solution saves growing space, energy, water and CO₂ while also boosting yields, product quality and food security.

Dalsem also mapped its carbon footprint last year. As a result, the company is introducing sustainable innovation, created by external partners, into its roadmap towards net zero.

Circular production & consumption

An estimated 100 billion garments are produced worldwide each year – a figure that has doubled over the past 15 years.* This hyperproduction has a massive impact on communities and the environment through carbon emissions, pollution, landfills, low wages and more.

Improving the impact of clothing production on people and planet calls for systemic changes. The current linear model needs to transition to a circular model, where products are designed with their end-of-life in mind and incorporate materials that can be recycled or repurposed.

Sustainable production practices that consider eco-friendly materials, water usage and renewable energy sources need to be promoted, and waste management has to change to scale up the collection, recycling and reuse of textiles.

* Global Fashion Agenda's Pulse of the Fashion Industry report in 2020



CASE STUDY

C&A x RESET Carbon: Carbon Leadership Programme

C&A is committed to building the industry's awareness of manufacturing emissions and developing feasible yet ambitious actions to address them. In 2021 and 2022, the business partnered with its supply chain and with RESET Carbon to take part in the Carbon Leadership Programme (CLP) deep-dive into factory-level challenges and opportunities for emissions reductions.

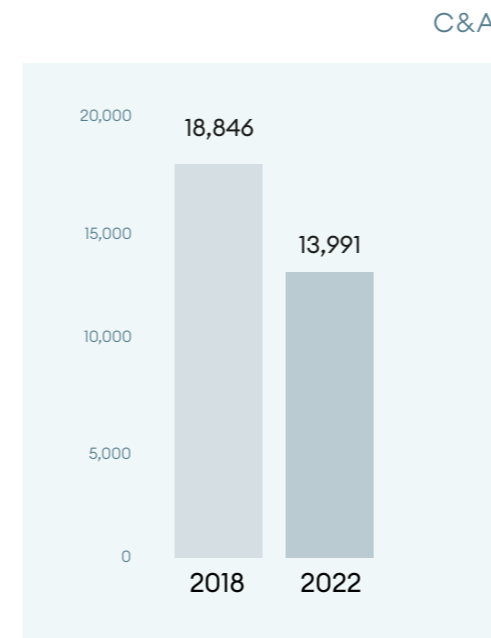
As an active participant in the CLP since its inception, C&A provides brand-level input into engagement with, and the assessment of, factory suppliers in the apparel sector. The programme brings together the corporate targets of apparel

brands with the factory management expected to drive progress.

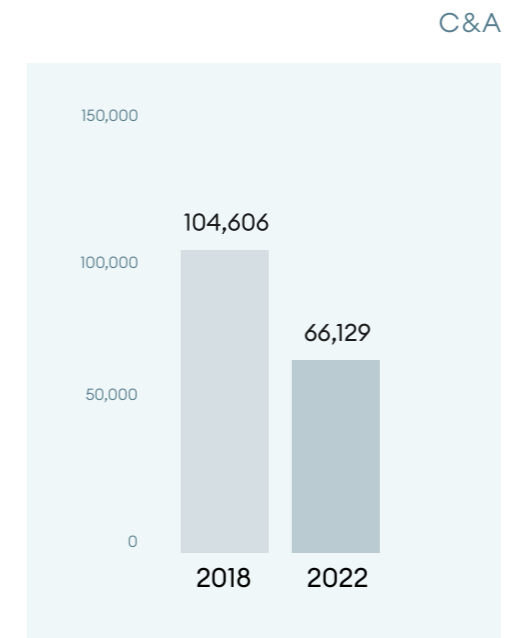
The initiative aims to assist suppliers and manufacturing facilities in identifying their potential for carbon reduction through onsite assessments (virtual assessments were conducted during the COVID-19 pandemic) conducted by technical experts. This helps to establish realistic and achievable climate targets. In addition, guidance is provided to support the realisation of these targets, along with in-depth capacity building on climate actions, empowering the facilities to embark on their decarbonisation journey.

During 2021 and 2022, C&A onboarded more than 30 wet-processing factories into the programme, 16 of which now have carbon reduction action plans. This focus on wet processing reflects the need to address such energy-intensive processes as part of C&A businesses' overall climate action strategies. The data that is collected gives C&A valuable information about the carbon reduction potential of different supplier segments and sourcing regions, and the company is currently developing ambitious plans for emissions reductions in its supply chain.

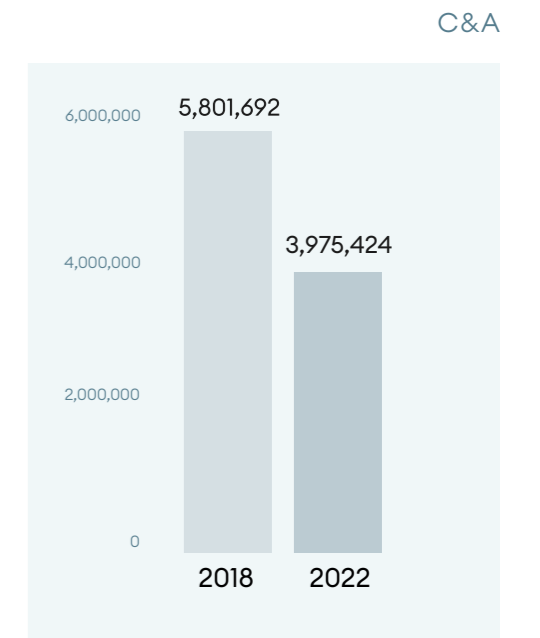
Scope 1 emissions (tCO₂e)



Scope 2 emissions (tCO₂e)



Scope 3 emissions (tCO₂e)



Due to the ownership change in C&A China market, C&A conducted a recalculation of historical emissions data in accordance with the GHG Protocol. In collaboration with partner Aligned Incentives, C&A is constantly reviewing and improving their emissions accounting methods. Full information is disclosed in C&A's 2022 Sustainability Report.

More circular production & consumption

CASE STUDY

Creating modern, sustainable fashion at C&A FIT

At its new Factory for Innovation in Textiles (C&A FIT) in Mönchengladbach, Germany, C&A brings together the latest in technology, automation and low-carbon production methods in support of more sustainable fashion.

The recently renovated 4,300m² factory was completed in September 2021, and the facility has initially hired and trained around 100 co-workers for its sewing and laundry departments. Specialising in more sustainable jeans production, C&A FIT began producing six styles for C&A's Forever Denim collection in 2021.

Now production is ramping up, with more than 400,000 pairs of jeans produced every year. The capacity is capable of expanding to 800,000 pairs over time.

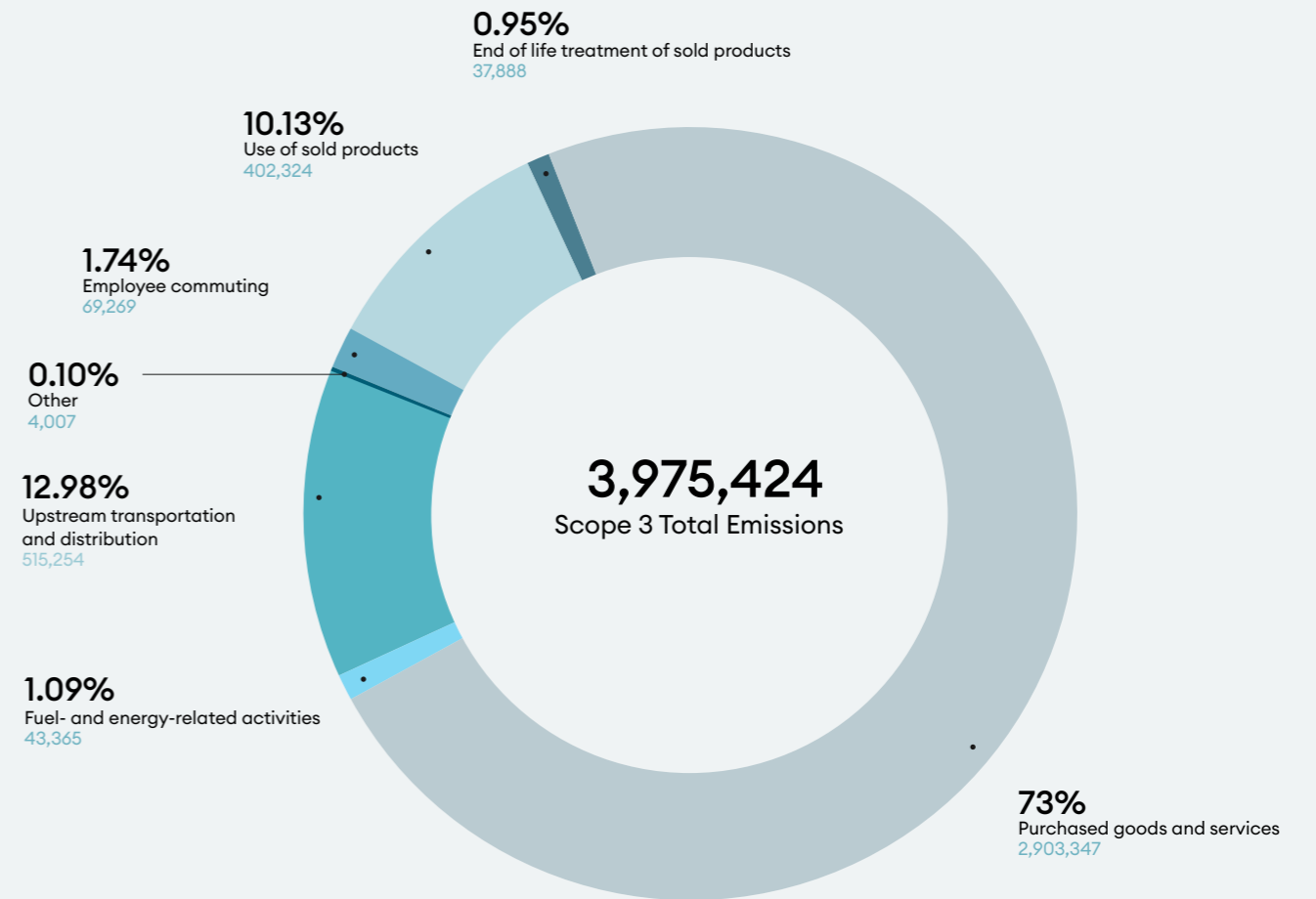
The facility is powered by 100% renewable electricity from on-site solar arrays coupled with a local wind farm. Water use, a longstanding challenge for denim production, is significantly reduced through innovative technology that enables water recovery, with 50% of the water being recycled. In addition, state-of-the-art finishing machines reduce the use of water and chemicals by up to 80% compared to conventional finishing.

While this is a relatively small-scale initiative, C&A FIT is a starting point, and the company can learn about what it might mean to scale up sustainable fashion across the supply chain and make sustainability the norm in the clothing industry.



2022 Scope 3 emissions (tCO₂e)

C&A



Purchased goods and services	2,903,347	73.03%
Upstream transportation and distribution	515,254	12.96%
Use of sold products	402,324	10.12%
Employee commuting	69,269	1.74%
Fuel- and energy-related activities	43,365	1.09%
End-of-life treatment of sold products	37,888	0.95%
Other	4,007	0.10%
Waste generation in operations	3,026	0.08%
Business travel	981	0.02%

Annexe

Annexe 1: SBTi progress

1. Progress on our climate targets

COFRA’s current Group-wide climate strategy was approved by the COFRA Board of Directors in 2021. We are targeting GHG emissions reduction in line with a 1.5°C pathway, to be implemented according to set science-based targets. COFRA’s set targets were formally approved by the Science Based Targets initiative in July 2022. In this annexe, we provide further background to the reported progress, our data processes, Group emissions and priorities moving forward.

Our SBTi commitment

COFRA Holding has committed to reduce absolute Scope 1 and 2 GHG emissions and GHG emissions from selected Scope 3 categories (business travel and employee commuting) by 50% by 2030 from a 2019 baseline year.

Moreover, by 2025 COFRA current and new businesses will either have validated or committed science-based targets (portfolio coverage).

Measurement of progress

In 2022, we recalculated and restated our base year (FY 2019) across Scope 1 and Scope 2 to reflect an improved data inventory and ensure consistent calculation methods for each reporting year.

While based on the numbers we might conclude that we are already meeting our science-based targets, COVID-19 has had a huge impact on how we travel and meet. The decrease in emissions may result from government mandated lockdowns which led to significantly less travel. On the other hand, COVID-19

has led to a structural change in the way we work, with less face-to-face meetings requiring less travel, leading to lower emissions. As such we will need to carefully monitor if these lower figures are sustainable.

Please refer to Annexe 2 (see page 37) for details on our GHG accounting methodology.

Reporting Item	Updated Base Year Value FY 2019 (tCO ₂ e)	FY2020 Reporting Value (tCO ₂ e)	FY2021 Reporting Value (tCO ₂ e)	FY2022 Reporting Value (tCO ₂ e)	FY2022 % Change from Updated Base Year
Scope 1	477	385	517	184	-61%
Scope 2	470	51	48	92	-80%
Total Scope 1+2	947	436	565	276	-71%
Scope 3 Business Travel	1,771	422	183	966	-45%
Scope 3 Employee Commuting	521	196	204	289	-45%
Scope 3 Fuel- and energy-related activities	75	113	121	61	-19%
Total Scope 3	2,367	730	508	1,316	-44%
Total Emissions	3,314	1,164	1,073	1,592	-52%









Annexe 1: SBTi progress

SBTi portfolio coverage progress

COFRA Holding has committed to having 100% of all current and new business with either validated or committed science-based targets by 2025.

In 2022, COFRA Holding received formal approval from SBTi for our science-based targets. Within our group of businesses, Sunrock, Bregal Investments, Anthos Fund & Asset Management and C&A have approved science-based targets.

Redevco is in the process of validating its GHG emissions reduction target with SBTi in line with a 1.5°C scenario. Our newly acquired businesses (Dalsem and Ontario Plants Propagation) have been working on measuring their baseline in 2022.

	Scope 1	Scope 2	Scope 3 (Business travel and employee commuting)	Scope 3 (Value chain)	Base Year	SBTi status (validation by the science based targets initiative)	Trajectory
	Science-based targets			Portfolio Coverage	2019	validated	1.5°C scenario
	Science-based targets				2019	validated	1.5°C scenario
	Science-based targets				2019	under validation	1.5°C scenario
	Science-based targets			Portfolio Coverage	2019	validated	1.5°C scenario
	Science Based Targets				2018	validated	1.5°C scenario
	Science-based targets				2018	validated	Well below 2°C scenario
						measuring baseline	
						measuring baseline	

Annexe 1: SBTi progress

2. Improving our data quality

One of our key focus areas is improving our data gathering and analysis processes and setting up the right technology. Initially we gathered and calculated our GHG emissions partly based on estimations, and partly manually. Moreover, we were to an extent dependent on input from third parties (building manager(s), travel agencies etc.). We learned that it takes time to ensure the right processes and controls are in place to improve data quality and make the data verifiable, and we are committed to improving over time. Some of our recent and future actions include:

- At holding level, our 2019 and 2020 emissions inventories were conducted by third-party consultants. In 2021, we started working on a climate data automation project to calculate our GHG emissions in-house. This was a team effort with colleagues across our Sustainable Impact, Finance Resilience & Business Analytics, and Facilities teams. Our goal is to continue improving the collection process and data-quality in the coming years. You can read more about how we're planning to do this in Annexe 2 (see page 37).
- Each of our businesses is responsible for its own GHG emissions data and reduction progress. At the same time there is a huge opportunity to align methodologies and learn from each other throughout this journey. Some of with initiatives to improve emissions data over time include:

- Redevco has installed smart meters to collect and automate real-time energy consumption data in over 88% of rental spaces in its AuM.
- In 2021, Sunrock started to measure its supply chain emissions by purchasing software to track the life cycle assessment of the products and processes responsible for Scope 3 emissions.
- In 2022, Bregal launched an ESG data platform to centralise cross-portfolio data collection and analysis.
- Anthos Fund & Asset Management has enhanced its range of emissions measurement methods to cover emissions from all asset classes.
- C&A has collaborated with an external partner, Aligned Incentives, to constantly review and improve its emissions accounting methods.

While we work on improving the quality of our data, we are in parallel implementing GHG reduction measures (see page 17).

3. Our Group emissions

Our Group GHG emissions stem largely from the value chains we operate in*:

- For financial institutions like Bregal Investments and Anthos Fund & Asset Management, their main Scope 3 emissions come from investee companies under their Investment category.
- A large amount of C&A's total emissions are from Scope 3 Purchased Goods and Services category.
- For Sunrock, the majority of its total emissions originate from the production of PV panels, under the Capital goods category, in its supply chain.

Therefore, collaboration in the value chain (with suppliers as well as end-users) and engagement with fund managers are key to achieving the GHG reduction needed to meet our targets. More information on how we are actioning this across the Group can be found in the respective ESG, Responsible Investment or Sustainability Reports of our businesses.

In some cases, direct emissions of one business could be included in indirect emissions of another business. For example, since some C&A stores are leased in buildings managed by Redevco, energy consumption by those stores is accounted for as Scope 1 and 2 in C&A's data, and as Scope 3 'Downstream Leased Assets' in Redevco's data. We are developing a consolidation methodology in line with the Corporate Sustainability

Reporting Directive (CSRD) to consolidate emissions data across businesses at Group level.

The current carbon accounting methodology in accordance with the GHG Protocol is an energy-based assessment. So far, we have not analysed emissions from land use and land management in our Group as guidance from relevant standards was still under development.¹

* As our businesses in the controlled-environment agriculture sector, Dalsem and Ontario Plants, joined the COFRA Group by acquisition in 2022, their data is not included in this report. Both businesses were measuring their GHG emissions in 2022.

¹ SBTi's Forest, Land and Agriculture (FLAG) Guidance became available in 2023.

Annexe 2: GHG accounting methodology

This section describes our approach to measuring GHG emissions for COFRA Holding.

1.1 Operational Boundary

COFRA Holding leases offices in Germany, Jersey, Luxembourg, the Netherlands, the United Kingdom, the United States of America, and Switzerland. We use the operational control boundary in accordance with the GHG Protocol for the purpose of GHG accounting. Emissions associated with owned and leased office space and company vehicles are accounted for in Scope 1 and Scope 2 of this report.

The GHG emissions covered by this inventory are based on the calendar year of 1 January to 31 December, 2022.

1.2 SBTi

We commit to reducing absolute Scope 1, 2, and 3 (business travel and employee commuting) emissions by 2030 from a 2019 baseline year. Although the official SBTi statement indicates that COFRA Holding has reduction targets set for Scope 1 and 2 only, Scope 3 emissions that stem from business travel, employee commuting and fuel- and energy-related activities are also part of our SBTi commitment. We are in contact with SBTi to accurately reflect this in the statement on the SBTi website soon.

In 2022, we recalculated and restated our baseline year (FY2019) across Scope 1 and 2 to reflect an improved data inventory and ensure consistent calculation methods for each reporting year.

1.3 Methodology

COFRA has adopted the GHG Protocol for measuring and reporting on GHG emissions that arise from COFRA Holding's operations. When COFRA Holding and other entities share office space without a separate meter, a ratio of full-time equivalent (FTE) was used to allocate emissions for each entity. Primary data is collected within multiple systems following our internal process. When data is unavailable, data of the same period from the previous year is used.

Scope 1 emissions include direct emissions arising from stationary and mobile combustion. Emissions factors for Scope 1 emissions were obtained from DEFRA Greenhouse gas reporting: conversion factors.

Scope 2 emissions include indirect emissions from purchased electricity and purchased heat. Emissions from purchased electricity were reported following market-based methodology. When the electricity supplies are from renewable sources (with Green Certificates), the emissions factor is zero. Otherwise residual mix factors are used as follows:

- EU: AIB European Residual Mix, <https://www.aib-net.org/facts/european-residual-mix>
- U.S.A.: US Egrid Data, <https://www.epa.gov/egrid/download-data>
- Canada: Canada Egrid data, <https://unfccc.int/documents/461919>

Scope 3 Business Travel emissions calculations are based on purchased tickets for air travel, using DEFRA emissions factors. Employee Commuting emissions are estimated based on FTE and frequency of commuting to the office.

2. Data quality

As mentioned in Annexe 1, we have been working on a climate data automation project with a cross-functional team at the holding to ensure our in-house data is of high quality. As part of this project, we ran a pilot for 2021 emissions data and asked the Internal Audit team to review the process and the calculation model. With their feedback, in 2023 we are further improving our 2022 emissions inventory by providing training to local offices prior to the inventory cycle, and collected additional data that has not been captured in our official systems. For example, when employees book business flights themselves instead of through our common travel agency.

As a holding, we are working to improve our data quality in the following ways:

- Reviewing lease contracts with the building manager(s) and adding a requirement to provide energy consumption data on invoices.
- Installing smart meters in our offices.
- Setting up more robust key controls at local offices.
- Integrating third-party systems, such as air travel, to automate data collection and reduce manual work.

Glossary

1.5°C pathway

1.5°C pathway is the new minimum ambition in corporate target setting in response to increasing urgency for climate action and the success of science-based targets to date. Under this pathway, companies commit to reducing emissions by at least 42% by 2030 from 2020 levels before considering the impact of CO₂ removals.

Biodiversity

Biodiversity refers to the variety of life forms found on Earth, including plants, animals, and microorganisms. It plays a vital role in maintaining ecosystem health and providing essential services, but human activities are causing a significant loss of biodiversity, highlighting the urgent need for its conservation.

Carbon credits

A carbon credit is a tradeable permit or certificate that provides the holder of the credit the right to emit one tonne of carbon dioxide or another greenhouse gas.

Carbon footprint

Carbon footprint is the total greenhouse gas (GHG) emissions caused by an individual, event, organisation, service, place or product, expressed as carbon dioxide equivalent (CO₂e).

Carbon intensive

Carbon intensity refers to the environmental impact of activities that release significant amounts of carbon dioxide emissions, contributing to climate change. It is a measure of how much carbon dioxide is produced per unit of activity or energy generation.

Certified B Corp

B Corp Certification is a designation that a business is meeting high standards of verified performance, accountability and transparency on factors from employee benefits and charitable giving to supply chain practices and input materials.

Circular economy

An economic model that aims to minimise waste and promote the efficient use of resources. A regenerative economy not only focuses on minimising waste and resource use but also seeks to restore and replenish natural resources and ecosystems.

Climate change

Climate change refers to long-term shifts in temperatures and weather patterns. These shifts may be natural, such as through variations in the solar cycle. But since the 1800s, human activities have been the main driver of climate change, primarily due to burning fossil fuels like coal, oil and gas.

COP

COP is short for ‘Conference of the Parties,’ meaning those countries who joined—are ‘party to,’ in legal terms—the international treaty called the UN Framework Convention on Climate Change (UNFCCC). Parties to the treaty have committed to take voluntary actions to prevent “dangerous anthropogenic [human-caused] interference with the climate system.”

Decarbonisation

Decarbonisation refers to the process of reducing and removing carbon dioxide (CO₂) and other GHG emissions from the atmosphere

Double Materiality Assessment

Materiality Assessment is a process that identifies and evaluates the importance of sustainability issues to an organisation and its stakeholders, helping prioritise and address those issues in decision-making and reporting. The concept of Double Materiality Assessment requests a company to consider two perspectives of sustainability issues: financial materiality (outside-in perspective) and impact materiality (inside-out perspective).

Emissions compensation

Emissions compensation, or carbon offsetting, is the process of neutralising greenhouse gas emissions by investing in projects that reduce or remove an equivalent amount of emissions elsewhere.

ESG

ESG is an acronym for Environmental, Social, and Governance. ESG takes a holistic view that sustainability extends beyond just environmental issues. ESG is best characterised as a framework that helps stakeholders understand how an organisation is managing risks and opportunities related to environmental, social, and governance criteria.

GHG (Greenhouse gas/gases)

Greenhouse gases (GHG) are gases in the Earth’s atmosphere that trap heat and contribute to global warming. Human activities, such as burning fossil fuels, have increased GHG concentrations, leading to climate change and its associated impacts.

Industry and systems transition

Industry transition is the shift and transformation of an industry’s practices, technologies, and models to meet evolving needs and challenges.

Systems transition involves intentional and wide-ranging changes in a complex system to address challenges. A system transition builds on dynamic linkages among scientific, technological, industrial, economic, political, administrative, public policy, and social changes.

IPCC

The Intergovernmental Panel on Climate Change (IPCC) is the United Nations body for assessing the science related to climate change. The IPCC prepares comprehensive Assessment Reports about the state of scientific, technical, and socio-economic knowledge on climate change, its impacts and future risks, and options for reducing the rate at which climate change is taking place.

MSCI World Index

The MSCI World Index is a widely recognised global equity index that represents the performance of large and mid-cap stocks across developed markets worldwide. It provides investors with a broad snapshot of the global stock market and serves as a benchmark for evaluating the performance of global equity portfolios.

Nature-based solutions

Nature-based solutions are actions to protect, sustainably manage, or restore natural ecosystems, that address societal challenges such as climate change, human health, food and water security, and disaster risk reduction effectively and adaptively, simultaneously providing human wellbeing and biodiversity benefits.

Net zero

Net zero is defined by the United Nations as cutting GHG emissions to as close to zero as possible, with the balance of emissions removed from the atmosphere e.g. by carbon capture or sequestration. Net zero is the goal agreed in the Paris Agreement for mitigating global warming in the second half of the century. The IPCC concluded the need for net zero CO₂ by 2050 to remain consistent with 1.5°C.

Offset/s

A carbon offset is a reduction, removal or avoidance of emissions of carbon dioxide or other GHG made in order to compensate for emissions made elsewhere. Offsets are measured in tonnes of carbon dioxide-equivalent (tCO₂e).

Paris Agreement

The Paris Agreement is an international treaty that aims to combat climate change by uniting nations in their efforts to limit global warming to well below 2°C above pre-industrial levels.

Residual emissions

Residual emissions refers to the remaining release of GHG and pollutants into the atmosphere after significant efforts to reduce emissions have been made.

SBTi

The SBTi is a partnership between CDP, the United Nations Global Compact (UNGC), World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). SBTi enables businesses to set emissions reduction targets in line with climate science through providing technical guidance, assessing, and validating companies’ science-based targets.

Science-based targets

Science-based targets provide a clearly-defined pathway for companies to reduce GHG emissions, helping to prevent the worst impacts of climate change and to future-proof business growth.

Scope 1, 2, and 3 emissions

Scope 1, 2, and 3 is a way of categorising the different kinds of carbon emissions a company creates in its own operations and its wider value chain. Scope 1 covers direct emissions from owned or controlled sources. Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by the reporting company. Scope 3 includes all other indirect emissions that occur in a company’s value chain.

We Mean Business coalition

A global non-profit coalition comprising leading businesses and organisations committed to advancing the transition to a low-carbon economy. It brings together influential actors to drive climate action, promote sustainable practices, and advocate for policies that address climate change.

Wet-processing

According to the Global Organic Textile Standard, wet-processing is the processing stage at which textile substrate is treated with colourants and/or chemicals. This includes sizing, desizing, pre-treatment, dyeing, printing (including digital printing), finishing, laundry, etc.

Non-woven manufacturing, using hydro entanglement, is also a wet-processing step.



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