



ESG REPORT 2023

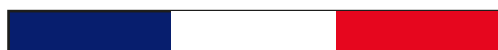


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Editorial



JEAN-CLAUDE LE LAN

FOUNDER &
CHAIRMAN OF THE SUPERVISORY BOARD

Why a new ESG strategy for ARGAN?

Beyond the many actions undertaken over the past 10 years and reflected in the report published a year ago, it was time for us to advance to a new level. And more specifically, to accelerate on certain points in order to respond to the multiple challenges we face while at the same time projecting to 2030.

It is in **ARGAN**'s DNA to be a driving force in building efficient, sustainable and PREMIUM logistics real estate.

The world is changing rapidly and everyone can now measure not only the consequences of climate change, but also the social and societal transformations. The expectations of all our stakeholders are legitimately more pressing on ESG issues and we must provide accurate and transparent information about what we do on a daily basis and our future directions.

This is essential for a French family real estate company such as **ARGAN**, a leader in its market and listed on the SBF 120.

Our direction is clear: to consolidate the PRIME character of our logistics asset portfolio to meet the energy, climate and resilience challenges of today and tomorrow.

This approach is not new, as **ARGAN** has long been committed to social and governance best practices. We also have a strong focus on environmental issues, with a first Climate plan initiated in 2018 (LED lighting, photovoltaic deployment, etc.) and, in 2021, the launch of **AUTONOM**®, the warehouse that produces its own green energy.

Our approach was built on a strong conviction of the importance of self-consumption for logistics buildings.

A new chapter is starting today, with the strong desire of management and all employees to affirm even more clearly and firmly our commitments for the future in the three ESG components and to align our approach with international standards, such as the Science Based Targets initiative (SBTi) for our low-carbon trajectory.

This updated strategy has a long-term view (2030), with regular progress milestones and, if necessary, adaptations and shifts.

What are the main priorities?

First, to reaffirm our status as a French family-led company with a long-term asset management vision, positioned in the PREMIUM segment. Thus, our capacity for rapid decision-making, in close alignment with the needs of our clients and the challenges of the different territories we are located in, will enable us to accelerate by bringing value to our clients, our shareholders and, more generally, to all our stakeholders.

For the Environment?

This is, of course, a priority, which we intend to break down into three “Es”: Emissions, Energy and the Environment.

Based on the 2022 Greenhouse Gas (GHG) review, we have defined an ambitious climate strategy with specific commitments to decarbonise our sector: a 70% reduction in our Scope 1, a Net Zero target for our Scope 2 and -50% reduction on emissions stemming from our operations in our warehouses by 2030 (part of our Scope 3).

This strategy is aligned with the SBTi and is thus in line with the objectives set by the Paris Agreement.

With regard to emissions linked to the construction of our buildings, in-depth work is underway with our building partners to integrate the principles of low-carbon construction as much as possible, with a specific target to be announced within 12 to 18 months.

For the energy part, we are stepping up our efforts to significantly improve our existing assets (LED, heat pump action plan, BMS plan, photovoltaic, etc.) and making widespread use of **AUTONOM**® for our current and future developments.

This means that we have common interest with our tenants as our “carbon-destiny” is shared.

In addition, we continue to implement concrete measures in favour of the environment and biodiversity: maximum preservation of the existing environment, plantations, water management, work on brownfield sites instead of artificialisation, and full rehabilitations to avoid new constructions, etc.

From now on, the vast majority of new **ARGAN** buildings will have a minimum BREEAM Excellent certification.

Lastly, before the end of the year, we will sign the 10 principles of “Entreprises Engagées pour la Nature” (Companies committed to nature) with the submission, in 2024, of a plan dedicated to biodiversity that will be analysed by the French Office of Biodiversity.

For Governance?

As a modest-sized player in terms of the number of employees (around thirty), we had already ensured best practices were implemented. However, we wish to better formalise certain aspects in order to give more clarity to all players, whether internal or external.

Given the “weight” **ARGAN** has gained as a contracting party, this will also involve the launch of a responsible purchasing approach to better bring all our partners on board with us.

Lastly, we will strengthen our partnership with local authorities to optimise co-benefits when setting up an **ARGAN** site.

And Social?

ARGAN's challenge is to continue to involve all employees in our collective success by sharing the value created: attractive salaries, profit-sharing, sales bonuses and ambitious employee share plans for the benefit of all, regardless of their function or hierarchical level.

I would like to take this opportunity to highlight that, among French listed companies, ours has one of the smallest pay

gaps between the lowest salary in the company and that of the Chairman of the Executive Board.

I am particularly proud of the work done by each and everyone, with a deep capacity for commitment, reliability and innovation that I believe our clients recognise.

To help all our employees progress and to prepare the managers of tomorrow, we will invest in particular in training for everyone and in coaching for certain high-potential managers, as our areas of expertise expand, with energy management, carbon management, etc.

These are all areas in which we wish to see our employees grow, while recruiting, when necessary, the most advanced and adequate expertise to guarantee our level of excellence.

Does this represent a real acceleration for ARGAN in the field of ESG?

Rather the continuity of our history and the values that I have championed since our creation.

ARGAN will soon be 25 years old: this is the right time to raise the right questions about our corporate purpose.

I wanted this ESG strategy to reflect who we are: ambitious but pragmatic, with concrete actions to limit our impacts and help our clients achieve their own objectives.

In sum:

ESG for Effectiveness, Strongly frugal energy choices, Gains that are win / win.



Summary of the ESG strategy

Environmental objectives and commitments

| Category | Commitments | Indicators | 2025 Target | 2030 Target |
|--|---|--|-------------|--|
| Low-carbon strategy | Implement an ambitious decarbonisation strategy, aligned with the SBTi, at the ARGAN level and by raising our clients' awareness with respect to the purchase of certified green energy. | Percentage of decrease in Scope 1 GHG emissions. | - | -70% |
| | | Percentage of decrease in Scope 2 GHG emissions. | - | Net Zéro |
| | | Percentage of decrease in Scope 3 GHG emissions. Operational emissions of the building. | - | -50% |
| | | Percentage of decrease in Scope 3 GHG emissions. Construction of new buildings. | - | Announced by 2025 |
| AUTONOM [®] and energy management | Accelerate and strengthen ARGAN 's energy policy. | Percentage of new developments with the AUTONOM [®] standard. | 100% | 100% |
| | | Share of locally produced and self-consumed energy. | - | 100% equivalent heating and light 35% total consumption |
| | | Share of ARGAN warehouses without gas, in sq.m developed. | 45% | 65% |
| | | Share of ARGAN warehouses equipped with BMS/BAS. | 75% | 100% |
| | | Share of ARGAN warehouses with LED lighting. | 98% | 100% |
| | | Number of MWh of renewable energy produced. | 35,000 | 200,000 |
| Sustainable management of sites | Improve the environmental performance of all our new developments. | Percentage of new developments certified at or above BREEAM Excellent level, in number of sites. | 75% | 100% |
| | Land sobriety and the fight against artificialisation. | Percentage of new developments carried out on brownfield sites, in sq.m developed smoothed over 3 years. | 10% | 20% |
| | Preservation of biodiversity. | Percentage of new developments incorporating actions to preserve and strengthen biodiversity. | 100% | 100% |
| | | Proportion of clients made aware of the sustainable management of sites (sustainable management of green spaces, better waste management schemes, etc.). | 50% | 100% |
| | Water management. | Share of new developments incorporating improved water management (infiltration, land management, limiting water consumption, rainwater collection, etc.). | 50% | 100% |

Social and Societal objectives and commitments

| Category | Commitments | Indicators | 2025 Target | 2030 Target |
|--|---|---|-------------------------------|---|
| Attractiveness, loyalty and upskilling | Deliver on our current commitments to share value through free share plans for all and maintaining the equity ratio at the current level (executive pay vs median pay). | Percentage of employee shareholders of the company. | 100% | 100% |
| | | Equity ratio. | Less than 10 | Less than 10 |
| | | Percentage of employees concerned by the collective sales bonus and profit-sharing (conditional on the achievement of objectives). | 100% | 100% |
| | Strengthen our actions to combat all forms of discrimination, for us and our value chain. | Gender pay gap for an equivalent position. | 0% | 0% |
| | | Number of cases of harassment or discrimination. | 0 | 0 |
| | Set up the " ARGAN Academy" training programme to further strengthen the skills of our employees and raise their awareness of ESG issues. | Percentage of managers with potential for whom a personalised training and coaching programme has been set up. | 50% | 100% |
| Quality of work life | Work with our stakeholders to further improve the performance of our warehouses and ensure this performance over time, including to tackle climate change. | Percentage of new projects incorporating a co-construction process dedicated to quality of work life. | 100% | 100% |
| | Ensure the inclusiveness of the company with respect to disabilities, including for our visitors. | Share of business premises accessible to people with disabilities (head office). | 100% | 100% |
| Prevention, health and safety | Guarantee the safety of our employees by further strengthening prevention. | Percentage of employees working in the field who have completed a safety awareness and training course (electrical accreditation, road safety, etc.). | 75% | 100% |
| | Work with our stakeholders to improve safety during the construction and operation phases of our warehouses. | Percentage of builders having signed the ARGAN ESG charter, including a security component. | 100% (construction target) | 100% (construction and maintenance target) |
| Civic actions | Promote employment integration during the construction phases, for the maintenance and upkeep of our warehouses, in coordination with our partners and clients. | Share of construction, maintenance and upkeep contracts with inclusion clause. | 10% | 25% |

Governance objectives and commitments

| Category | Commitments | Indicators | 2025 Target | 2030 Target |
|--|--|---|---|--------------------------|
| ESG governance | Achieve the best standards for steering our ESG policy, ensuring respect for human rights throughout its value chain. | Percentage of suppliers having signed the ARGAN ESG charter, including a human rights components. | 100% | 100% |
| | Promote these fundamental principles to all our stakeholders, in particular by developing our main contractual documents (property development agreements « CPI », off-plan leases « BEFA », tenders, etc.). | Percentage of new contractual documents incorporating ESG criteria and validated by our stakeholders. | 100% | 100% |
| | Raising employee awareness on climate change. | Proportion of employees trained and/or made aware of climate change. | 100% | 100% |
| | Further strengthen our ethical approach and the fight against all forms of corruption. | Percentage of decision-making employees trained in the fight against corruption with signature of our ethics charter. | 100% | 100% |
| | Integrate ESG performance into the company's remuneration policy, particularly for the Executive Board. | Percentage of employees with remuneration linked to ESG criteria. | 100% of Employees | 100% of Employees |
| Reporting and transparency | Prepare for future regulatory deadlines (CSRD, Taxonomy, etc.) by addressing underlying issues (Fit for 55, etc.). | No linked indicator. | | |
| | Define and integrate key frameworks and benchmarks to enable transparency and comparison of our ESG performance. | Number of frameworks and benchmarks integrated by ARGAN . | Global Compact Entreprises Engagées pour la Nature Sustainalytics + GRESB | CDP SBTi (validation) |
| Responsible purchasing | Develop our responsible purchasing policy, integrate our suppliers into the approach and train the employees concerned. | Percentage of purchasing employees trained in responsible purchasing. | 100% | 100% |
| | More specifically, define a new sustainable, resilient and low-carbon warehouse format with our partner-builders. | See carbon intensity environmental indicator. | NA | NA |
| Regional development and new logistics formats | Define and implement a plan for optimising co-benefits when designing new projects, in consultation with the territories where we operate. | Percentage of new projects integrating a co-construction process with the territories where we operate. | 100% | 100% |
| | Study new virtuous schemes based, in particular, on brownfield rehabilitation. | No linked indicator. | | |

Presentation of ARGAN

Who are we?

A family-owned company, **ARGAN** is the only listed French real estate company specialising in the development and leasing of **PREMIUM** logistics warehouses for major groups and leading SMEs throughout France.

The solidity and stability of a French listed family real estate company...

Listed since 2007, **ARGAN** has continued to grow. The share price thus increased by 97% between 1 September 2017 and 31 August 2023, while at the same time the CAC 40 rose 44%. Included in Euronext's compartment A, the **ARGAN** share has been part of the CAC all share index, IEIF SIIC France and the EPRA index since March 2023. Another major step in this stock market journey: the integration into the SBF120 in September 2023. At the same time, for more than 20 years, **ARGAN** has recorded continuous and controlled growth in its rental income and its recurring net income.

... serving our loyal, top tier client-tenants

We have in-house top human resources with expertise throughout the entire value creation chain. From the detection of suitable and well-located land, identification of future clients' needs, development and its financing, as well as the rental and property management of our buildings. This guarantees our clients a single point of contact to design, build and closely monitor their warehouses throughout the term of the lease.

Our client-tenants are largely made up of leading companies:

- Industrial companies and distributors (78% of the portfolio) such as Carrefour, Decathlon, Amazon, L'Oréal, Renault, ...

- Logistics companies operating on behalf of large companies (22% of the portfolio), such as FM Logistic, Geodis, DHL, Colis Privé, GXO, ...
- Our top twelve tenants account for 73% of rental income across 57 sites.

Creating value for the territories we operate in...

Through our history and our DNA, we are sustainably anchored in the territories we operate in. Our long-term real-estate vision and the **PREMIUM** nature of our logistics warehouses enable us to meet the expectations of local elected officials by creating value in their area (local employment, architectural quality, optimised energy management, reduced carbon footprint for our future developments, etc.).

... and aware of its impacts and its role in society

Our team is also fully committed to one certainty: the need to build a more virtuous and decarbonised future. To that end, we have launched **AUTONOM[®]**, a warehouse that produces its own renewable energy, for our current and future developments, and we are rolling out an ambitious Climate Plan (presented in this document) to make more sustainable our existing assets and gradually reduce our carbon footprint.



Issues and context

■ Environmental issues

The construction sector, residential and tertiary, accounts for 43% of energy consumption and around 23% of greenhouse gas emissions in France. Reducing the environmental impact of this sector is therefore a key challenge to achieve carbon Net Zero targets by 2050 and try to limit the increase in average global temperature to 1.5°C in accordance with the Paris Agreements. With more than 90 million sq.m of warehouses of more than 5,000 sq.m in France (2021 data), the logistics and transport sector has a major role to play in this process of transition to a carbon-free economy. To protect ecosystems from the consequences of the climate emergency, the regulations imposed on us are being accelerated, through the French Tertiary Decree, the Net Zero Artificialisation target, the Climate and Resilience Law, and the Environmental Regulation « RE2020 » for the most recent.

How can we build by limiting artificialisation? How can we switch to a more responsible circular economy, develop biodiversity-friendly projects, prioritise renewable energy in the energy mix, as well as improve energy efficiency to reduce total energy consumption? How can we prepare future constructions, as well as the existing buildings, for the impacts of climate change? These are some of the many questions and issues that need to be addressed.

There are multiple complex factors to be considered, which require high-performance and innovative solutions to enable a gradual and consistent transition to resilient warehouses.

■ Social and societal issues

How can we design warehouses that meet the social challenges of client-tenants, particularly in terms of attracting and retaining employees, by creating harmonious workspaces, combining ergonomics, acoustic, thermal and visual comfort, that strengthen a “working well together” objective? How can we promote local direct and indirect jobs in each project, improve cohesion within the territories through harmonious economic development? How can we provide logistics platforms with new functionalities to better integrate automation and facilitate the work of employees?

Our clients expect proximity, advice, reactivity and, of course, innovative and personalised co-constructed solutions. This is **ARGAN**'s DNA!

All these challenges must be thought out upstream to offer flexible, efficient workspaces and sources of social cohesion.



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■ 2022 / 2023 context: A change of cycle

The rapid rise in interest rates in France and Europe has a significant impact on the real estate market, particularly in the tertiary sector. However, PREMIUM logistics real estate is better protected. Although the first half of 2023 showed a reduction in take-up, this should only be temporary, as needs are still high, both in traditional sectors (retail, couriers, etc.) and at the level of industrial players (SMEs / intermediate or large groups that reinstall certain processes in France).

The decline in land availability, or even lack of in certain regions, reinforced by the beginnings of the « Net Zero Artificialisation » trajectory, is pushing to expand development scopes and consider new models (multi-storey warehouses, brownfield rehabilitation, etc.) that have yet to demonstrate their economic potential.

In addition, the environmental objectives of the major players are set to lead to portfolio reviews to arbitrate in favour of assets with the best environmental performances. A PREMIUM in terms of both rents and asset valuation is expected to increase in the coming years for PREMIUM assets that are at the heart of **ARGAN**'s business, as can already be seen throughout Western and Northern Europe.

ARGAN thus presents a record development pipeline for the 2023-2024 period with 270,000 sq.m planned for delivery for an investment of €315 million.

As part of our deleveraging strategy, our pace of growth will nevertheless remain sustained for the following years and will enable us both to meet the needs of the market and to pursue a proactive policy of strengthening our ESG performance through the implementation of new generations of PREMIUM warehouses and the sale, on a case-by-case basis, of certain assets.

Our business model

ARGAN has developed wide-ranging expertise in the development and rental of **PREMIUM** warehouses. This expertise can be seen at every stage of the warehouse development and rental management process and the Company's positioning as a Pure Player ensures it is constantly being enhanced.

■ A complete expertise

- Understand and analyse clients' storage and distribution needs in depth, working with them to design their future warehouse and supporting them with active asset management.
- Identify suitable land and negotiate with communities and private owners to build up a high-quality land reserve in PRIME locations.
- Optimise the overall design of a logistics project thanks to refined knowledge of how a warehouse operates and of its flows of goods and vehicles.
- Maintain a high level of expertise in urban planning, environmental and French ICPE (Installations Classées pour la Protection de l'Environnement) regulations to guarantee feasibility and control project deadlines.
- Master the technical studies of all construction components and guarantee its quality through close monitoring of the construction phase and the stages of the acceptance of the works.
- Effectively carry out rental and property management assignments to maintain the quality of the sites over time, meet the expectations of client-tenants (improvements, extensions, etc.) and, in general, manage the real estate company's assets by making relevant acquisitions or sales.
- Assist our clients in their overall ESG strategies by helping them reduce their energy consumption and GHG emissions, better control the impact of their activities on biodiversity and water habitats and improve the quality of life at work for their employees in a context of intense competition among companies to attract the best talents.



■ Our resources (data as at 30 June 2023)

Human Capital

- A small and committed team of 29 employees;
- Multi-disciplinary in-house expertise;
- 18% female executives;
- 44 years average age;
- Sound and constant innovation.

Real Estate Capital

- 94 top-standard logistics platforms in PRIME locations;
- A portfolio of 3.5 million sq.m on 940 ha of land.

Our client-tenants base

- Loyal, solvent, most of them big names signatures;
- A diversified mix of shippers (78%), multi-customer logistics providers (18%) and single-customer logistics providers (4%), present in all sectors of activity.

Financial data

- A family-led structure with a real-estate long-term vision;
- A solid financial structure;
- Consolidated equity of €1.9 bn;
- HD LTV debt ratio under control at 49%;
- Overall cost of debt of 2.1%;
- 5.9 years maturity.

Environmental data

- 50% of the warehouse-portfolio is BREEAM or HQE certified;
- 100% of new developments at least BREEAM VERY GOOD certified.

Social data

- 400 suppliers and service providers;
- Established in 70 municipalities;
- Long-standing, high-quality dialogue with local authorities of all sizes;
- 12 banking group partners.

■ How we operate

Overall performance that reconciles the company's sustainability in the short, medium and long term and meets our stakeholders expectations.

- An integrated approach: end-to-end control of the entire value chain;
- Optimal positioning as a developer-investor, enabling us to achieve low construction costs;
- A customer-centric approach that put our clients' specific needs first;
- A long-term vision of our assets, ensuring that our interests are aligned with those of our clients;
- Ongoing innovation to design more frugal, self-sufficient sustainable warehouses.



■ Value created (data as at 30 June 2023)

For our employees

- 100% permanent contracts;
- Professional mobility between different departments;
- Profit-sharing agreement for all employees;
- Free share plans for all employees;
- A collective bonus for new leases split equally for all.

For our client-tenants

- PREMIUM warehouses to the highest standards, modular and specific to their needs;
- Constant innovation to create energy-efficient, low-carbon warehouses that contribute to their own low-carbon approach;
- Customer satisfaction measured by occupancy rate of 100%;
- 100% of new developments with AUTONOM[®].

For our shareholders

- 2023 recurring net income target of €124m, +4% yoy, representing 68% of rental income;
- An asset valuation of €3.6bn, with a capitalisation rate of 5%;

- A steadily increasing dividend announced at €3.15 for the 2023 financial year (subject to approval by the 2024 General Meeting), representing an increase of 5% compared with 2022;
- Visibility linked to a solid financial structure to support new developments.

For the planet

- Contributing to our clients' energy efficiency through innovative solutions;
- New platforms that produce and store their own green energy;
- 130,000 sq.m of photovoltaic panels installed on the roofs of our warehouses = ~ 25 MWc;
- A systematic plan to protect or restore biodiversity.

For our partners, suppliers and territories

- Regional economic development and vitality of logistics business parks;
- 21,000 jobs created by the companies that rent our platforms;
- €315 million of investment over the 2023-2024 period.

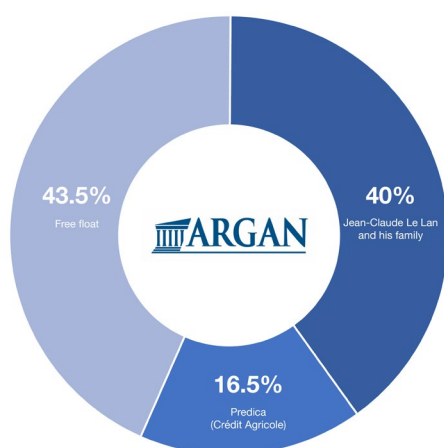


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■ A unique positioning

Founded by Jean-Claude Le Lan in 2000, ARGAN remains an independent French family-led Group.



ARGAN combines:

- Great agility, enabling it to make decisions quickly and act as a true partner, listening to its clients and their specific needs, to constantly innovate and build sustainable buildings;
- An integrated approach, acting as a developer-investor with control of the entire value chain, including property management;
- A long-term real-estate management vision, which aligns the interests of shareholders, the company and clients with quality assets and offers a framework that stands out from other market players, investment funds and developers with shorter-term visions.

PREMIUM positioning, guaranteeing long-term value creation

This PREMIUM approach is embodied at all levels:

- In the financial strength and creditworthiness of our client-tenants;
- In the location of our warehouses in PRIME locations;
- In the design and construction quality of our warehouses;
- In the ergonomic, technical, energy and environmental characteristics of our warehouses;
- In the dynamic management of our assets and their maintenance to the highest standards;
- In continuous innovation to design more frugal and energy-efficient warehouses;
- In close relationship with our clients to offer them flexible solutions and contribute to their own environmental challenges and obligations.

Our key figures as at 30 June 2023

VALUATION

3.6

BILLION EUROS
at 30 June 2023

RENTAL INCOME

183

MILLION EUROS
targeted in 2023

RECURRING NET INCOME

124

MILLION EUROS
targeted in 2023

50%

of our growth stems
from the development
needs of our clients

PORTFOLIO

94

warehouses representing
3.5 billion sq.m
on 940 ha of land

AVERAGE AGE OF THE BUILDINGS

10.8 years

LEASE RENEWAL RATE

95%

REMAINING FIXED TERM OF LEASES

5.5 years

OCCUPANCY RATE

100%

2023-2030 ESG strategy

As a family-owned French player driven by a long-term vision, **ARGAN** has decided to update its environmental, social and governance-related commitments by giving a new impetus to its ESG strategy with the following priorities:

- The implementation of proactive action plans in favour of decarbonisation and the production of renewable energy;
- Support for the territories that host our warehouses;
- The satisfaction of our clients and supporting them to tackle new challenges.

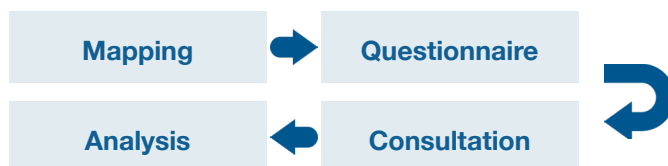
Methodology

For this update, **ARGAN** asked its main stakeholders to answer questions. This inclusive approach was carried out by an independent external service provider to guarantee the quality of the content and the proper reproduction of the different feedbacks. It involved:

- Precise mapping of relevant stakeholders;
- Personalised questionnaires relating to the actions, challenges, expectations and ambition of each stakeholder on the three ESG components;
- A vast consultation with 21 external stakeholders (clients, suppliers, local authorities, financial partners, professional organisations) and the extended **ARGAN** management team. 25 interviews were thus conducted with representatives of the target organisations and **ARGAN** employees, including top executives, operational managers and ESG managers, for at least one hour;

- An additional documentary analysis of the policies and commitments of these stakeholders, on key themes, in particular their carbon strategy, and an analysis of the sector best practices.

This work made it possible to formalise the expectations of stakeholders for environmental, social and societal issues. Their contributions led to several reports to **ARGAN**'s Executive team and were directly integrated into the formalisation of the main work areas and the company's ESG strategy.



Priority areas of work 2023 – 2030

1. ARGAN, A leading player in ESG

ARGAN intends to integrate the best standards for steering its ESG policies by guaranteeing high transparency and obtaining the recognition of the major French, European and international standards.

2. ARGAN, A leader in the energy and ecological transitions

ARGAN wishes to build on its initial achievements (**AUTONOM**® in particular) to become one of the leaders in the decarbonisation of its business sector. In this context, the company intends to accelerate the deployment of an ambitious energy policy focused on self-consumption, to serve its clients.

3. ARGAN, As close as possible to its employees

ARGAN values collective success by directly involving its employees in creating value through a policy of sharing value that is unique in its sector. In addition, the company focuses on the health and safety of the employees of the building industry partners and its clients in its warehouses. They must be safe and pleasant places to work.

4. ARGAN, Partner of the territories it operates in

ARGAN is aware of its role as a player in regional economic development. The company wishes to continue to optimise the co-benefits of its sites while preparing the major challenges of mixed-use and reducing the artificialisation of soils.

5. ARGAN, Looking to the future

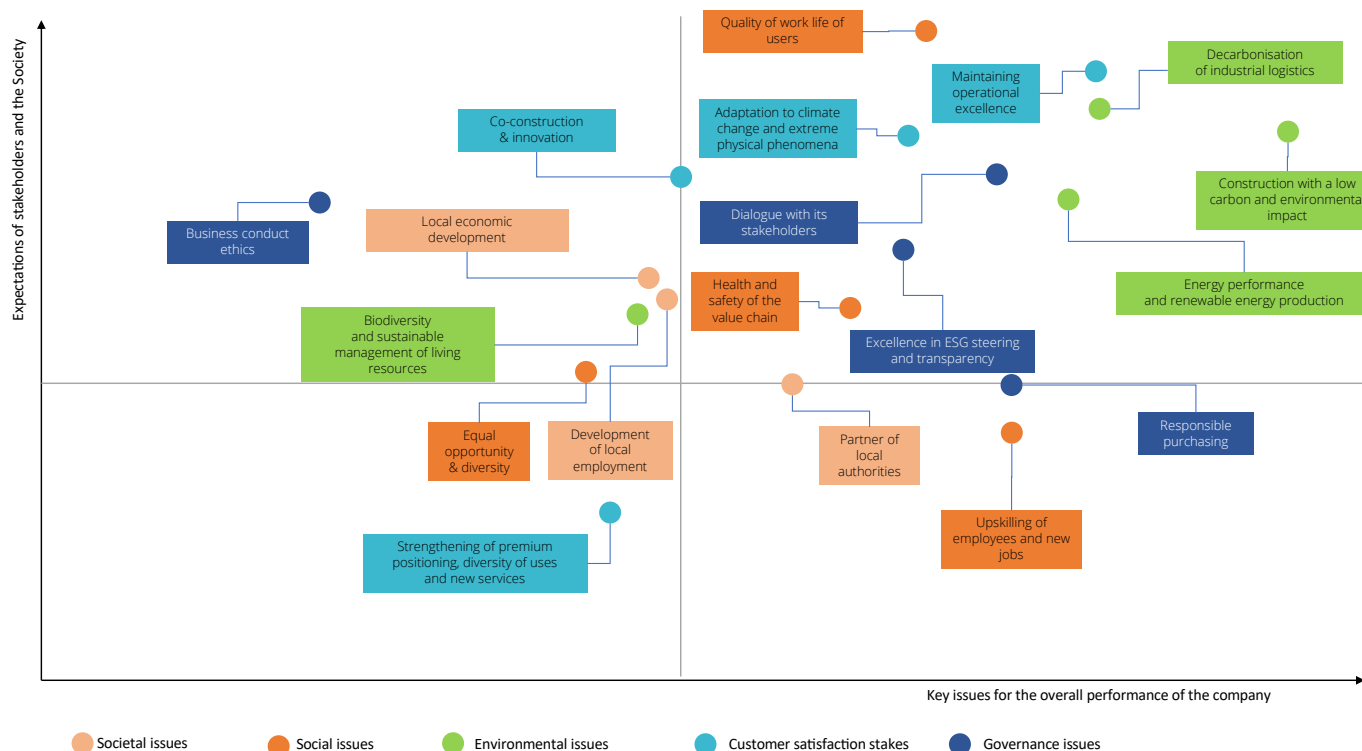
ARGAN places innovation and customer satisfaction at the heart of its corporate purpose. The company will strengthen its support to better integrate environmental and societal issues into the development of logistics activities.



These priorities are reflected in the Environmental, Social, Societal and Governance policies presented hereinafter.

Materiality matrix

The materiality matrix presented below has been produced and prioritised by integrating stakeholders' expectations, **ARGAN**'s overall performance challenges for the future and the company's impact on its environment, thus meeting the principle of dual materiality.



Environmental issues

- Decarbonisation of industrial logistics
- Construction with a low carbon and environmental impact
- Energy performance and renewable energy production
- Biodiversity and sustainable management of living resources

Societal issues

- Partner of local authorities
- Development of local employment
- Local economic development

Customer satisfaction stakes

- Maintaining operational excellence
- Adaptation to climate change and extreme physical phenomena
- Co-construction & innovation
- Strengthening of PREMIUM positioning, diversity of uses and new services

Governance issues

- Dialogue with its stakeholders
- Responsible purchasing
- Excellence in ESG steering and transparency
- Business conduct ethics

Social issues

- Upskilling of employees and new jobs
- Quality of work life of users
- Health and safety of the value chain
- Equal opportunity & diversity

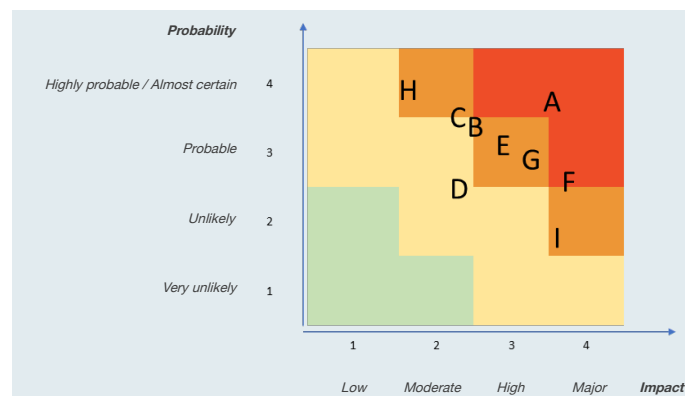
Risk mitigation

ARGAN has reviewed the most material ESG risks, given the likelihood of their occurrence, which could have a negative impact on its operations, reputation, financial position, performance or outlook.

More specifically, climate change risks can be broken down into:

- **Physical risks** resulting from damage caused directly by weather and climate events resulting from climate system changes.
 - These risks are controlled by applying current standards at construction stage and adjusting the property portfolio in response to climate change. For example, each warehouse is equipped with a lightning protection system. Its role is to prevent the destructive effects of lightning striking the building. Lightning rods placed on the roof of the warehouse are connected to a grounding loop (a buried bare copper cable that surrounds the building). In the event of a thunderstorm, static electricity present in the ambient air is preferably discharged through the circuit running from the lightning rods to the earth, rather than by following a random path and potentially causing material damage or even harm humans.
 - It should also be noted that all the Company's properties are located in France, a part of the world subject to climate change, but in a more manageable context than other regions of the world and 31% of properties are in the Paris region. None of the Company's assets are located on the coast.
- **Transition risks** resulting from modifications made in view of a transition to a low-carbon economy. Risk control is based on the sustainable development policy adopted by the Company. As at 31 December 2022, the Company has not recognised any provision or guarantee for environmental risks.

The table below lists net risks (i.e. after taking into account risk mitigation and prevention measures) by category and their level of priority according to their potential impact and their likelihood of occurrence:



- A. Climate
- B. Soil artificialisation
- C. Human capital
- D. New business lines / diversity of uses
- E. Financing / debt / stock market listing
- F. Market cycles and diversification
- G. Project development
- H. Set-up and renewal of bodies
- I. Business ethics

A more detailed risk analysis taking into account all areas of ESG double materiality is planned by the end of 2025.

*NB: Other risks that are not identified, not materialised or currently considered immaterial or emerging could exist and have a negative impact on **ARGAN**, its activities, its reputation or its future financial results, in the medium and long term. This risk analysis is valid at the date of publication and is based on available financial, environmental, geopolitical and macroeconomic information. The Audit Committee regularly reviews these risks and the appropriateness of control actions each year to validate their relevance over time.*



Prioritisation and summary of net material ESG risks specific to ARGAN and/or its business sector

| Category | Risk | | Means of control |
|---------------------|--|--|---|
| Environment | A. Climate | <ul style="list-style-type: none"> Tougher expectations and regulation towards a low-carbon economy | <ul style="list-style-type: none"> Significant reduction in the carbon impact of construction and operations Decarbonisation of the entire logistics chain Production of renewable and local energy Under watch |
| | B. Soil artificialisation | <ul style="list-style-type: none"> Tougher expectations and regulation towards "net zero artificialisation" | <ul style="list-style-type: none"> Early action Stock of available land Diversity of uses for new projects Compensation Brownfields turnarounds |
| Social | C. Human capital | <ul style="list-style-type: none"> Maintaining the attractiveness of ARGAN despite fluctuations in workload Continuity of the local French relationship despite the development Maintenance and internal change in the property management activity Securing the future | <ul style="list-style-type: none"> Salary and incentive policy Improved quality of work life Sound and planned management of jobs and careers Training and coaching |
| | D. New business lines / mixed-use | <ul style="list-style-type: none"> Early integration of new business lines (project management, energy management) and new forms of logistics buildings (building on floors, diversity of uses, etc.) | <ul style="list-style-type: none"> Early action Continuing education Early integration of new skills |
| Societal and market | E. Financing / debt / stock market listing | <ul style="list-style-type: none"> Increase and toughening of financing and refinancing conditions Decline in the attractiveness of the stock market value | <ul style="list-style-type: none"> Green bonds Indexation of rents Voluntary ESG approach Diversification of funding sources Setting a cap on variable-rate loans Strengthening investor relations |
| | F. Market cycles and diversification | <ul style="list-style-type: none"> End of the deployment of large and medium-sized warehouses Uncertainty regarding consumer goods and e-commerce | <ul style="list-style-type: none"> Diversification of the portfolio with a decrease in the share of XXL warehouses Long-term commitments/leases Diversification of commercial targets with strengthening of intermediate-sized companies and new industrial sectors (healthcare, etc.) |
| | G. Project development | <ul style="list-style-type: none"> Difficulties in accessing land Rising raw materials and construction costs | <ul style="list-style-type: none"> Strong ties with local authorities Co-construction with architects, project managers and builders to control additional costs |
| Governance | H. Set-up and renewal of bodies | <ul style="list-style-type: none"> Departure of one of the members of the Le Lan family | <ul style="list-style-type: none"> Early action Training before departures Family control reaffirmed (family pact declared to the AMF - the French stock markets regulatory body) |
| | I. Business ethics | <ul style="list-style-type: none"> Poor control of purchasing management Corruption | <ul style="list-style-type: none"> Charters Internal control Training, awareness-raising |

2023 – 2030 Ambition

The pillars of our ambition

For the coming years, ARGAN has decided to focus its efforts on three specific areas:

- Initiate and deploy an ambitious environmental strategy, based on a low-carbon trajectory aligned with the SBTi.

To this end, **ARGAN** is speeding up the deployment of the plans already launched (LED plan, heat pump action plan to replace gas heating, BMS plan), starting the construction of its **AUTONOM**® warehouses and announcing the launch of a new stage of the deployment of photovoltaic capacities dedicated to self-consumption on roofs or canopies. **ARGAN** is also working with its partners from the building industry on specific proactive low-carbon construction targets to be announced in 2024. Lastly, our real-estate company will increase its focus on water management and biodiversity conservation issues.

- Lift ESG steering to the best international standards.

ARGAN has carried out work to structure and formalise its management tools to best integrate all ESG factors expected for a leading player. Aware of its role as a major contracting party, **ARGAN** will engage all players in its value chain in a responsible purchasing and vigilant approach, to both tackle challenges of materials sourcing and strengthen the health and safety of all players working on its sites.

- Continue to share value creation, both financial and extra-financial.

Through the family dimension of its shareholding structure, **ARGAN** and its Chairman and Founder are committed to a fair sharing of value: for its shareholders with a long-term strategy based on PREMIUM assets and a regular increase in the dividend accompanied by an option to pay it in shares; for its employees with a unique salary scheme and a free share plan open to all; for its stakeholders, its clients and local authorities, by better taking into account the current and future social and environmental performance of its warehouses and by paying greater attention to the co-benefits of each new location.

38% of ARGAN shareholders chose payment of the dividend in shares on average over the last 6 years (2017-2022)

ARGAN thus wishes to quickly bring the company's overall performance to the highest environmental and societal standards, by fully taking part in the decarbonisation of the logistics chain and the fight against climate change.



Our contribution to the Sustainable Development Goals

In 2023, ARGAN has committed to the United Nations Global Compact and its ten principles surrounding human rights, labour standards, the environment and the fight against corruption. ARGAN will publish its first Communication on Progress (COP) in 2024.

In addition, **ARGAN** wanted its ESG strategy to integrate the 17 Sustainable Development Goals of the United Nations. Given its activity, its size and the relatively small number of its employees (around thirty), **ARGAN** has decided to focus its actions more specifically on the following five Sustainable Development Goals:



ARGAN will contribute to the French renewable energy targets by installing significant photovoltaic capacities on the roofs of its warehouses and its car parks, in particular for self-consumption purposes. At the same time, the company will reduce the end energy consumption of its sites, in conjunction with its client-tenants.



ARGAN will contribute to the overall resilience of logistics chain infrastructures as well as to the reindustrialisation of the French territory, in close alignment with users and end clients. The company will continue to drive innovation in the development of its projects and in the services provided to users of its warehouses.



ARGAN will ensure compliance with environmental regulations within its scope of activity, in conjunction with all its stakeholders. The company will develop new concepts limiting the artificialisation of soils. It will also pay particular attention to optimising the co-benefits of its activities for the territories that host them.



ARGAN is firmly committed to limiting its greenhouse gas emissions by aligning its low-carbon strategy with the SBTi. At the same time, the company will work on adapting its warehouses to the consequences of climate change, both in their resilience and for their users.



ARGAN will increase its focus on protecting biodiversity and work to restore it where possible. The company will work on a plan to limit the artificialisation of soils and reduce impacts during the construction/renovation of its warehouses.

In addition to these five SDGs, ARGAN will remain particularly attentive to goal 5 (Gender equality), 6 (Clean water and sanitation), 8 (Decent work and economic growth) and 12 (Responsible consumption and production), both in its own activity and in its value chain.

Environmental Policy

ARGAN has been committed to reducing its energy consumption (particularly natural gas) and implementing various thematic plans to improve its environmental performance for many years now: LED plan, heat pump action plan, BMS plan, etc. In addition, **ARGAN** has successfully launched its **AUT:NOM®** warehouse concept, based on the self-consumption of locally produced photovoltaic energy, combined with storage. All new **ARGAN** developments are intended to comply with the **AUT:NOM®** standard.

ARGAN now wants to strengthen its environmental commitments and implement a set of structured actions in the short and medium terms. A plan to decarbonise its business in line with the Paris Agreements (1.5°C scenario) and the SBTi was defined in 2023.

Actions in favour of biodiversity and water management round out the system designed to reduce the impacts of our business and that of our clients.

Precise commitments

■ Low-carbon strategy

- Implement an ambitious decarbonisation strategy, aligned with the SBTi, at the **ARGAN** level for our scopes 1, 2 and 3 (for the energy part);
- Study and produce a specific decarbonisation plan for the construction/renovation part, in conjunction with our partners in the building industry (in 2024);
- Raise the awareness of our clients in terms of certified green energy purchasing and frugal energy choices.

■ **AUT:NOM®** and energy management

- Apply the **AUT:NOM®** standard to all new development projects;
- Deploy the heat pump, BMS / BAS and LED plans to the existing assets;
- Produce 200,000 MWh of renewable energy in the **ARGAN** scope, used primarily in self-consumption to reduce our clients' emissions.

■ Sustainable management of our sites

- Make the BREEAM Excellent level the new construction standard for **ARGAN**;
- Strengthen our actions to preserve and restore biodiversity;
- Where possible, give priority to our new developments on brownfields;
- Integrate as much as possible stricter management of water resources.

Concrete actions



- 100% of new developments with **AUT:NOM®**, the warehouse that produces its own green energy;
- Achieve 45% gas-free warehouses, in sq.m developed (65% in 2030);
- Deploy BMS / BAS in 75% of our warehouses (100% by 2030);
- Achieve 98% of our warehouses equipped with LEDs (100% by 2030);
- Have 75% of our new developments at least BREEAM Excellent certified (100% by 2030);
- Integrate actions to preserve and restore biodiversity in 100% of our new projects;
- Raise awareness of 50% of our clients about the sustainable management of sites (100% by 2030);
- Integrate stricter water management tools for 50% of our new developments (100% by 2030);
- Deploy an ambitious low-carbon strategy, aligned with the Paris Agreement and the SBTi with:
 - A 70% reduction in our emissions by 2030 for our Scope 1;
 - A net zero level by 2030 for our Scope 2;
 - A 50% reduction in the in-use emissions of our warehouses (mainly energy) by 2030;
- Study a credible and relevant scenario for reducing our emissions during the construction phases (presentation in 2024).

ARGAN in action

■ Climate plan 1.0

ARGAN has continued to roll out its previous climate plan:

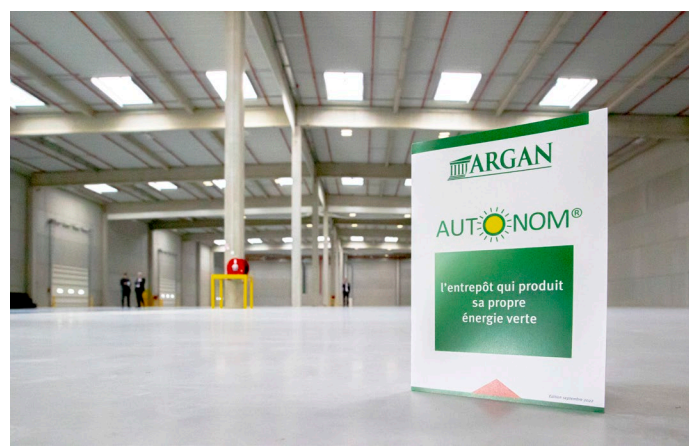
- Over the past four years, **ARGAN** has carried out an extensive relamping campaign, replacing old and energy-intensive lamps with smart LED systems that are controlled by natural light and human presence. This plan is now more than 97% deployed.
- ARGAN**, in consultation with its clients, has launched an ambitious plan to replace gas heating systems with the latest generation of air/water heat pumps across its entire property portfolio in 10 years. Pending full replacement, in 2021 **ARGAN** initiated a three-year plan to completely replace the oldest boilers with more efficient modular systems: high-performance boilers, modular rafters, switching to this new equipment enabled an average reduction in gas consumption of 10% to 20% for each change.
- In connection with the French “Tertiary Decree”, the Group has set up an extensive monitoring and management program for consumption, making it possible to collect consumption data. However, **ARGAN** intends to go further by installing its own BMS/BAS systems that allow for a detailed analysis, by unit or by type of equipment (air conditioning, for example). The Group now dedicates a job position specifically to the issue of energy monitoring.

ARGAN carried out for the first time an exhaustive « carbon review », for the 3 scopes, concerning its 2022 greenhouse gas emissions (see page 24).

■ Deployment of AUTONOM® and photovoltaic production

In early 2022, **ARGAN** commissioned its first AUTONOM® warehouse. Since then, the Group has begun construction or study of more than ten projects based on this new standard.

Beyond that, at the end of 2022, **ARGAN** had nearly 130,000 sq.m in photovoltaic panels installed, representing around 25 MWc in 2022.



■ Sustainable management of sites

ARGAN called on an expert ecologist to carry out ecological diagnostics for each of the development projects launched in 2022. The purpose of this work is to:

- Identify the types of habitats and the flora present on the sites (including invasive species and protected and/or threatened species);
- Identify the species of protected and/or threatened fauna present or potentially present (assessment of the potential for hosting fauna);
- Identify the remarkable elements to be conserved and recovered (tree used for nesting, nectariferous plants that are of interest to pollinating insects, etc.);
- Issue requirements to preserve the most important elements for biodiversity and incorporate additional actions for possible restoration and/or compensation.

In addition, special measures may be taken during construction to limit the impact (working hours, construction starts periods, no lighting at night, etc.).

Over the past year, **ARGAN** has also strengthened the biodiversity potential of some of its warehouses through concrete targeted actions:

- Planting of diverse local vegetation species;
- Creation of grass/flower meadowlands;
- Landscaping of basins so that they are favourable to biodiversity;
- Creation of passages for small wildlife;
- Raising customer awareness for sustainable management with limitation of the use of phytosanitary products and the implementation of eco-pastures;
- Installation of insect hotels, nesting boxes and bird feeders;
- Installation of rainwater recovery systems;
- Planting of more than 12,000 trees.

■ Low-carbon policy

Mindful of the imperative to minimise the footprint of all our activities and that of our warehouse portfolio, we follow an approach that consists in measuring our impact and systematically reducing emissions on the items where this is possible.

This resulted in the completion of **ARGAN's** first carbon assessment, carried out on the three scopes.

The total of our scopes 1 & 2 therefore represents less than 1% of our total emissions. Most of our emissions are based on the construction of our new warehouses / renovations / works / end of life and on the use of energy.

Our emissions by scope according to the GHG protocol methodology

| Scope | 2022 balance sheet (tonnes of CO ₂ e) | In % |
|--------------|---|-------------|
| Scope 1 | 489 | 0.5% |
| Scope 2 | 4 | < 0.1% |
| Scope 3 | 100,042 | 99.5% |
| TOTAL | 100,535 | 100% |

Our emissions by item according to the GHG protocol methodology

| Item | 2022 balance sheet (tonnes of CO ₂ e) | In % | |
|--|---|-------------|-----|
| Warehouses / Construction, renovations, works and end of life | 67,396 | 67% | |
| Operating: Gas | 14,713 | 15% | 26% |
| Operating: Electricity | 10,178 | 10% | |
| Operating: Other emissions | 892 | 1% | |
| Purchase of services and subcontracting | 6,351 | 6% | |
| Miscellaneous and travel | 1,005 | 1% | |
| TOTAL | 100,535 | 100% | |

In 2023, **ARGAN** developed a low-carbon strategy aimed at supplementing and enhancing its first climate plan. Based on the 2022 greenhouse gas emissions figures, **ARGAN** carried out a comprehensive review of the sources of emissions, scope by scope and category by category.

The company then carried out projection work, using science-based methodology (via the SBTi databases and tools), to project its emissions to 2030 and work towards a trajectory aligned with the Paris Agreement (1.5°C scenario).

Based on these results, the company has chosen to set ambitious targets, going beyond the scenario studied:

- 70% reduction in GHG emissions for its Scope 1 by 2030;
- Net Zero target for its Scope 2 by 2030;
- 50% reduction in Scope 3 GHG emissions for the Energy scope by 2030.

Based on these results, **ARGAN** has identified four priority areas for reducing its emissions:

- **Scope 1 (- 70%)**
 - Gradual transition of the fleet to electric vehicles and/or vehicles fuelled by E85 bioethanol;
 - Study of the future evolution of the heating/cooling system of the head office;
 - Finalisation of the instrumentation of the **ARGAN** sites (two warehouses concerned).
- **Scope 2 (net Zero)**
 - Implementation of a certified green electricity

purchase agreement meeting quality standards in terms of origin and decarbonisation;

- Plan for a frugal use of energy at the head office level.
- **Scope 3 – Energy (- 50%)**
 - Acceleration of the climate plan;
 - Confirmation of the **AUTONOM**® standard for new developments;
 - Additional deployment of photovoltaic capacities on roofs and canopies, for existing sites, dedicated to self-consumption.
- **Scope 3 – Other purchases**
 - Implementation of an ESG supplier charter with increased awareness of climate change and decarbonisation objectives;
 - In the future, consideration of GHG performance in the choice of suppliers.

These objectives will be supplemented between now and 2025 with specific targets for the decarbonisation of the construction, renovation and maintenance phases of the **ARGAN** warehouse portfolio, with a phase of dialogue with builders / maintenance partners still in progress at the time of publication of this document. Our goal is to be able to propose a credible, ambitious and economically relevant trajectory for us, our partners and our clients.



■ AUTONOM® and ARGAN's energy policy

Main objective of the AUTONOM® concept: Maximise the energy independence of the building thanks to local, self-produced and decarbonised electricity.

Moving away from fossil fuels is now achievable thanks to technological progress and the significant reduction in costs. Constantly seeking innovative solutions shared with its client-tenants, **ARGAN** began a pioneering approach in 2018, equipping its new warehouses with rooftop photovoltaic power plants intended for self-consumption by its client-tenants.

■ AUTONOM®: the PREMIUM warehouse that produces, stores and uses its own green energy

The novelty of AUTONOM® lies in the installation, in addition to the photovoltaic power plants, of energy storage batteries intended for its occupant.

They thus make it possible to store surplus energy for later consumption and significantly increase the energy autonomy of the sites. Compared with a traditional warehouse, AUTONOM® currently covers 100% of heating/cooling and lighting needs per year. This coverage rate is currently as high as 40% if we take into account all electrical needs on an annual basis: heating, lighting, platform equipment, office equipment, outdoor equipment, ...

Unlike other players, whose energy produced is fully injected back into the network to be resold, we have chosen to put our clients at the heart of our approach: it is a win / win solution that creates shared value.

As the equipment is sized according to its needs based on its specific consumption profile, the client-tenants enjoy high energy independence with a significant reduction in the share of electricity consumption drawn from the network, subject to fluctuations in energy prices. In addition, the choice of self-consumption makes it possible to significantly reduce the carbon impact of buildings' electricity consumption and reduce our clients' Scope 2 emissions.

■ AUTONOM®, low-consumption terminals under control

In addition to the production and storage of its own energy, AUTONOM® warehouses are equipped with:

- « Roof top » air / air heat pumps to heat the warehouse in winter and cool it in summer;
- LED interior and exterior lighting with presence detection;
- An advanced BMS / BAS system to manage certain terminals (in particular setpoint temperatures) as well as monitor consumption by sub-category so that **ARGAN** and its tenants benefit from perfect control of consumption.

■ AUTONOM® and making our existing portfolio greener: the future of the warehouse serving its environment and tenants

Since the delivery of the first AUTONOM® in January 2022, demand has confirmed the success of this concept. The next step is to further increase the autonomy of warehouses by increasing the rate of self-consumption.

With this new ambition, the future AUTONOM® buildings will cover a larger part of electricity consumption, both for the building infrastructure and for our clients' processes.

To achieve this, two solutions will be deployed jointly and on a case-by-case basis (including on existing warehouses):

- Increase in energy produced locally:
 - Substantial increase in the power of the rooftop power plants (for warehouses for which the structures allow it);
 - Installation of photovoltaic canopies in car parks (with a dual interest: 1/ for the roofs of buildings not designed to accept the load of new power stations 2/ for the comfort of parking users);
- And, when relevant, increase storage capacity.



Social and Societal Policy

ARGAN intends to consolidate its status as a responsible employer, promoting a motivating and fulfilling work environment. This Social and Societal policy also aims to involve its employees in the success of the company.

Proud of its unique model and able to count on committed employees, **ARGAN** has been developing an ambitious social policy for many years, allowing real sharing of the value created.

In 2022, **ARGAN** took a new step by implementing a three-year free share plan for all its employees, regardless of their function or hierarchical level.

In addition, **ARGAN** wishes to promote a safe and pleasant working environment for its entire value chain by working with its partner-builders and its clients in order to preserve the health and safety of workers both during the construction and operation phases of buildings and by offering high-quality workplaces that enhance the attractiveness of logistics businesses.

Precise commitments

■ Attractiveness, loyalty and upskilling

- Deliver on our current commitments to share value through the distribution of bonus shares for all;
- Strengthen our actions to combat all forms of discrimination, for us and our value chain;
- Set up the **ARGAN** Academy to further strengthen the skills of our employees and raise their awareness of ESG issues.

■ Quality of work life

- Work with our stakeholders to further improve the performance of our warehouses and ensure it over time, including on a backdrop of climate change.

■ Prevention, health and safety

- Guarantee the safety of our employees by further strengthening prevention;
- Work with our stakeholders to improve safety during the construction and operation phases of our warehouses.

■ Civic actions

- Promote employment integration during the construction phases, for the maintenance and upkeep of our warehouses, in coordination with our partners and clients.

Concrete actions



- Have 100% of employees who are shareholders of the company;
- Keep our equity ratio below 10;
- Involve 100% of our employees in commercial success via a collective sales bonus, in addition to profit-sharing;
- Maintain the gender pay gap at 0% and continue to prevent any form of harassment and/or discrimination;
- Implement a personalised training and coaching program for 50% of our managers with potential (100% by 2030);
- Integrate a systematic co-construction process with our clients, aimed at improving the quality of work life, for all new projects;
- Strengthen the safety commitments of construction, maintenance and upkeep companies appointed by **ARGAN**, through the mandatory signing of a reinforced ESG charter;
- Include an integration clause in 10% of our construction, maintenance and upkeep contracts (25% by 2030).

ARGAN in action

■ Human Resources

As at 31 December 2022, the workforce was a total of 29 employees (29 permanent contracts), including 26 executives (4 women and 22 men) and 3 non-executives (1 woman and 2 men), all based at the head office in Neuilly-sur-Seine (92). The employees' average age is 44.

ARGAN hired four people on permanent contracts during financial year 2022 and there were two departures. The Company had no issues of staff absenteeism.

ARGAN is governed by the French law and operates exclusively in France. Naturally, it complies with all the fundamental conventions of the International Labour Organization (ILO) that apply to it.

■ Remuneration

The Company has set up an attractive remuneration system aiming to motivate its employees that is based on individual and collective performance:

- A fixed salary paid over 13 months;
- A collective sales bonus distributed strictly evenly to all employees. Its amount depends on the rental income generated by the new leases of the developments signed during the financial year, as well as their rental profitability and their fixed term;
- A usual collective incentive agreement based on the company's performance (according to promoter margin and occupancy rate criteria). It is capped at two months' salary per employee. Those who wish to do so may block the incentive in a PEIE (French Inter-Company Savings Plan);
- A free share plan. Until now reserved for members of the Executive Board and the Executive Committee, it was decided, in 2022, to extend it to all staff. All employees will thus benefit from a free distribution of shares, the quantities of which will depend on the company's performance over the three financial years 2022, 2023 and 2024. This expanded free share plan is a sign of recognition of everyone's contribution to the Group's overall performance and the commitment to a fairer sharing of profits. It represents a potential budget of 55,000 shares, i.e. approximately 0.23% of the company's total shares.



Two meetings are organised each year with all employees to share information about the company, its financial and extra-financial performance and the resulting remuneration systems, in complete transparency.

Beyond these principles, which apply to all, executive compensation remains deliberately contained at levels that are significantly lower than at the main listed Groups and our peers.

Thus, the equity ratio, which measures the ratio between executive compensation and the average compensation of employees, stands at 1.9 for members of the Executive Board and at 0.8 for the Chairman of the Supervisory Board (compared with around 50 for SBF 120 companies and even around 100 for the 100 largest French companies). Similarly, the gap between the lowest and highest salary within the company was 4.8 times in 2022.

**100% of ARGAN employees
are shareholders of the company**

■ Diversity and the fight against discrimination

No pay gap was observed between the women and men of the organisation, in equivalent positions.

In addition, **ARGAN** ensures, on a daily basis and in its recruitment processes, respect for diversity, strict gender equality and the fight against all forms of discrimination. **ARGAN** wants to increase the proportion of women in the company for the future; this objective is difficult to implement, however, given the small size of the company, low turnover and a less feminised sector of activity.

Lastly, a whistle-blower protection procedure was put in place in 2023 to facilitate the reporting of incidents related to discrimination or harassment. It is incorporated into the company's anti-corruption charter.

■ Quality of work life

Everything has been improved to ensure the comfort and quality of our employees' working environment. At the headquarters in Neuilly-sur-Seine, spacious offices have recently been refurbished, with LED lighting, bright and open meeting rooms, a locker room with showers, kitchen, availability of coffee, fruit and pastries, etc. Particular attention has been paid to the building's total accessibility for people with disabilities, as well as for people with visual and hearing impairments. Finally, the **ARGAN** head office allows us to test new approaches and new services that could, in the future, integrate the business premises of our warehouses.

Every week, a suitable place is rented by the company close to the head office to allow volunteers to practice a sporting activity together.



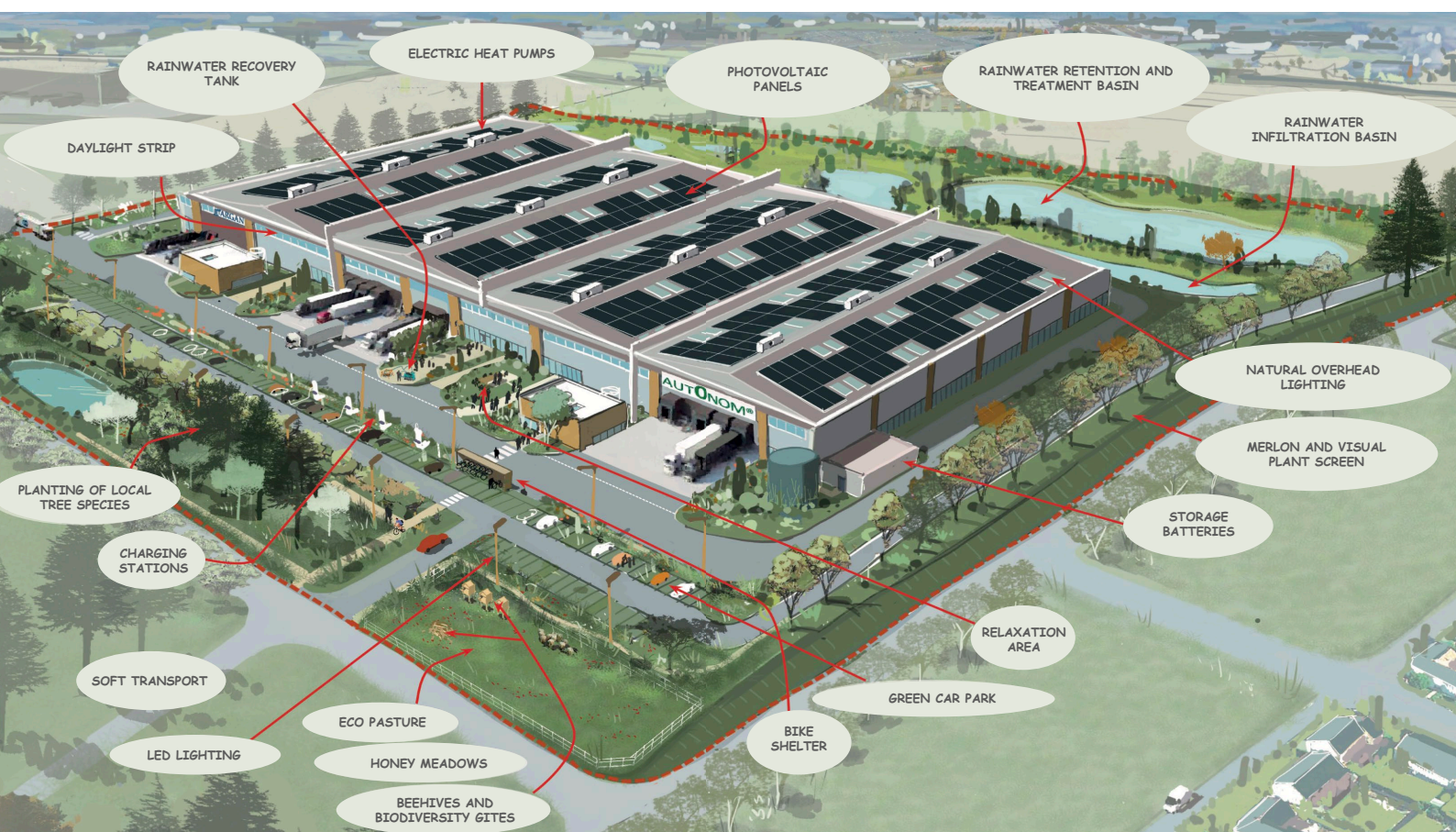
Our 2023-2030 ESG ambition

The working environment offered in our warehouses is, of course, a constant subject of improvement, in close contact with our clients.

The light colour of the walls and under-roof, certain partition walls painted white, a specific effort to disseminate natural light with the use of very large openings (bay windows, skylights, etc.) including in the warehouses, the quality and intensity of artificial light, the ergonomics of the spaces, acoustic comfort, the presence of rest areas, the emphasis placed on the quality and quantity of green spaces... We work on all possible levers under our control, to contribute to creating an environment favourable to the quality of work and to “work well together”.

These factors are becoming increasingly important for us and our clients, faced with less attractive logistics businesses and competition to attract the best talent.

Beyond that, the comfort of the facilities and their adaptability will be even more central to continue to offer quality workspaces that take into account the future impacts of climate change.



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■ Training and coaching

An annual training plan is in place to strengthen the updating of the knowledge and skills of **ARGAN** employees. The set up of an **ARGAN** Academy, an employee training and coaching program, is planned for 2024.

This program will include, in particular, training related to ESG themes, on the 3 components.



■ Prevention, health and safety

The health and safety of our employees is at the heart of our social policy. Awareness-raising actions are therefore carried out regularly, particularly for staff who have to go to our sites or work directly in our warehouses. In 2022, no accidents or near misses were recorded for **ARGAN** personnel.

All employees working on sites have been trained in compliance with safety best practices. For example, they have received electrical certification. Additional training in safe driving and eco-driving is planned for the period 2023-2025.

As a contracting party for the construction sector, **ARGAN** wishes to promote and monitor with its partners the measures implemented to reduce the risk of accidents at construction sites as much as possible. A specific action plan will be implemented in this regard from 2024.

Zero accident objective for projects led by ARGAN

Lastly, enhancing the safety of our stakeholders also involves ongoing improvement of the design of our sites in order to limit risks during operation. As an owner-lessor, we must provide them with warehouses that fully comply with the regulations relating to the prevention of health and safety risks. But this is not enough and we go beyond strict compliance. Many measures have already been taken, going further than recommendations and regulations. This project will be continued and strengthened in the coming months.

ARGAN has put in place a whole set of elements in its warehouses aimed at strengthening the safety of our clients' employees: full-width glass panels, anti-crushing safe zones, systematic tests of the slab in terms of slippage and abrasiveness, separation of vehicle flows, speed bumps at pedestrian crossings, etc.

And during the construction phases, a safety coordinator is present on each site to promote good practices (wearing PPE, behaviour in high-risk situations, etc.).

■ Civic actions

ARGAN is continuing and strengthening its support for local actions to realise the co-benefits of setting up its warehouses in the territories where we operate.

In addition, **ARGAN** intends to mobilise its value chain to strengthen the integration of workers during the construction and maintenance phases of its warehouses in the future.



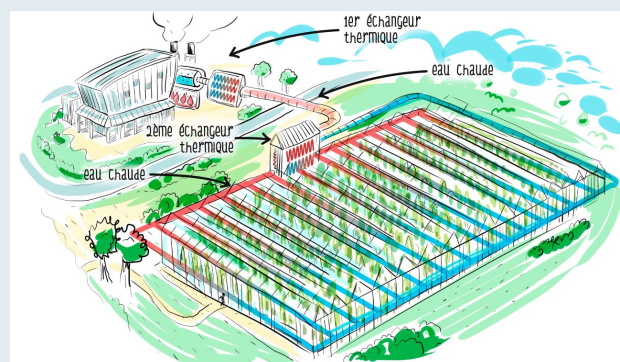
Alexandre Besnard is a former employee of **ARGAN**. The son and grandson of a farmer, after a few years he decided to change his life and join the family farm. With his brother, he is developing a project to produce high-quality cherry tomatoes, in a greenhouse but in a fully eco-responsible manner.

ARGAN supported his project, in particular in the design and financing of his eco-responsible greenhouse.

The results:

- 20 jobs created;
- A carbon footprint 60% below average;
- No use of pesticides;
- Greenhouse heating provided by reused energy (fatal heat from the household waste incineration plant);
- Rainwater recovery and recycling of irrigation water;
- Local marketing, only in the months of natural harvests.

The Besnard brothers' tomato was voted Responsible Company of the Year in Eure et Loire French department !



Governance Policy

Our Governance policy is based on the principles of transparency, integrity and responsibility.

ARGAN is organised to create favourable conditions for its development in accordance with the rules of good governance. It refers to and applies the Middelnext Corporate Governance Code for Listed Companies and is also inspired by the principles of the AFEP-MEDEF Code, updated in January 2020.

The Group has chosen a dual governance structure based on an Executive Board and a Supervisory Board. This

separation ensures a balance between the management and control powers in order to set the company's objectives and the means to achieve them in light of our values and missions.

ARGAN has implemented rigorous policies and procedures to prevent corruption and conflicts of interest. The company has established the necessary internal control mechanisms to ensure the quality of financial information and minimise operational risks.

Precise commitments

■ ESG governance

- Achieve the best standards for steering our ESG policy, ensuring respect for human rights throughout our value chain;
- Promote these fundamental principles to all our stakeholders, in particular by developing our main contractual documents (property development agreements « CPI », off-plan leases « BEFA », RFP, etc.);
- Integrate ESG performance into the company's remuneration policy for all.

■ Reporting and transparency

- Prepare for future regulatory deadlines (CSRD, Taxonomy, etc.) by addressing underlying issues (Fit for 55, etc.);
- Define and integrate key frameworks and benchmarks to enable transparency and comparison of our ESG performance.

■ Responsible purchasing

- Develop our responsible purchasing policy, integrate our suppliers into the approach and train the employees concerned;
- More specifically, define a new sustainable, resilient and low-carbon warehouse format with our building-partners.

■ Regional development and new logistics formats

- Define and implement a plan for optimising co-benefits when designing new projects, in consultation with the territories where we operate;
- Study new virtuous schemes based, in particular, on brownfield rehabilitation.

Concrete actions



- Have 100% of our main suppliers sign our future ESG charter, including a human rights component;
- Incorporate concrete ESG commitments (fight against illegal employment, respect for human rights, etc.) into 100% of our new contractual documents (CPIs in particular);
- Raise the awareness of 100% of our employees' about ESG and climate change;
- Train 100% of decision-making employees in anti-corruption and responsible purchasing;
- Incorporate ESG criteria into the remuneration of 100% of our employees;
- Integrate a systematic co-construction process with local authorities, aimed at optimising the co-benefits of our new projects.

ARGAN in action

■ The best of logistics innovation on a former industrial brownfield: CARREFOUR Mondeville

Thanks to CARREFOUR and **ARGAN**, the former PSA site in Mondeville, inaugurated in 1963, will have a new life.

An 82,000 sq.m logistics platform, which will be leased to the retailer's supply chain division under a fixed 9-year lease, is being built near Caen. This project is taking place on a former PSA industrial brownfield of 30 hectares previously depolluted.

The “recycling” of this land, carried out in coordination with the local authorities, makes it possible to limit the artificialisation of the soil and the ecological impact of the operation.

Photovoltaic panels on the roof, coupled with storage batteries, will cover all the site's needs in terms of lighting as well as heating and cooling thanks to air / water heat pumps.

The site also includes a major reforestation and revegetation plan. The existing trees will be preserved and 11,000 new trees - from local species - will be planted according to the Miyawaki method adapted to local conditions.

In the end, 41% of the land base will be dedicated to green spaces.



■ Our governance structures

■ The Executive Board

Composed of a small team of three members offering reactivity and efficiency, the Executive Board brings together leading managerial, financial and real estate expertise.

Its mission is to develop and implement **ARGAN**'s strategy, including the ESG strategy, in conjunction with the General Secretary. The role of the Executive Board is to ensure the development of the company and to guarantee the management of the operational activity.

It is also responsible for the application of and compliance with the governance criteria set out in the following documents:

- Ethics Charter (including anti-corruption, conflicts of interest and whistleblower protection);
- ESG Charter for Suppliers, Service Providers and Subcontractors;
- IT Charter (including personal data protection and cybersecurity).

■ The Supervisory Board

The Supervisory Board is a collegial body composed of eight members, including three independent members, who collectively represent all shareholders. Its primary objective is to ensure the long-term success of the company while respecting the interests of all third parties essential to achieving this objective, namely shareholders, staff, clients, suppliers and other creditors. To this end, it reviews and approves the company's strategic guidelines and exercises permanent control over the management implemented by the Executive Board.

Made up of women and men with extensive experience, its diversity guarantees its quality of judgement, its ability to look ahead and its integrity in the performance of its supervisory and control functions.

Since 2023, ESG issues have been specifically addressed by the Supervisory Board in the context of the Executive Board's activity report, at least once a year.

Furthermore, as part of the relations between the Executive Board and the Supervisory Board, the Executive Board presents an activity report at each meeting of the Supervisory Board. In particular, this report presents progress on ESG themes.

In line with our ESG policy, the Supervisory Board and the Executive Board carry out the tasks required by law and act in consideration of the social and environmental challenges of **ARGAN**'s activities.

• Risks and opportunities

They regularly examine opportunities and risks such as financial, legal, operational, social and environmental risks and the resulting measures taken. This is notably the role of the Audit Committee, which meets at least twice a year.

• Fight against corruption

They ensure, where appropriate, the implementation of a system for preventing and detecting corruption and influence peddling.

• Diversity, equity, inclusion

They ensure the proper implementation of a non-discrimination and diversity policy.

• Strategic disclosures

They ensure that shareholders and investors receive relevant, balanced and educational information on the strategy, the development model, the consideration of significant extra-financial issues for the Group and its long-term outlook.

• Shareholders' rights

In their governance, they must pay particular attention to a fair balance between:

- The entrepreneurial freedom of the managers;
- The protection of minority shareholders;
- The company's sustainability;
- Accountability vis-à-vis the entire ecosystem, first and foremost its employees, but also all other stakeholders.

At its meetings, the main topics addressed by the Supervisory Board are:

- The commercial policy;
- The development strategy;
- The social component (Human Resources);
- ESG actions.

The Supervisory Board is assisted by two committees: the Audit Committee and the Appointments and Remuneration Committee, each composed of three members appointed by the Supervisory Board. These two committees are headed by an independent member.

■ The Audit Committee

The Audit Committee is specifically responsible for:

- Following the process for preparing financial information and, where appropriate, making recommendations to ensure its integrity;
- Monitoring the effectiveness of the internal control and risk management systems;
- Ensuring that the statutory auditors are independent, in accordance with applicable legal and regulatory provisions;
- Reviewing the tools and resources implemented with respect to the Company's main risks and reporting to the Board once a year.

The full list of its prerogatives and duties is included in **ARGAN**'s Universal Registration Document, available on www.argan.fr.

■ The Appointments and Remuneration Committee

More particularly, the Appointments and Remuneration Committee is responsible for:

- Making all useful observations to the Supervisory Board about the composition of the Supervisory Board and the Executive Board and issuing an opinion on candidates for the positions of members of the Supervisory Board or the Executive Board in view of their experience in business, their competence and their economic, social and cultural representativeness;
- It being specified that for the members of the Executive Board, a selection process is organised that guarantees the presence of at least one person of each gender among the candidates for its entire term (Articles L.225-58 and L.22-10-18 of the French Commercial Code);
- Reviewing and proposing to the Supervisory Board all components of the total remuneration of the Company's corporate officers and proposing, where applicable, the qualitative and quantitative criteria for determining the variable portion of this remuneration;
- Reviewing the projects of free share plans, allocation of options for subscription or purchase of shares or any similar instrument for the benefit of employees and executive managers, as well as the terms and conditions for allocation.

The full list of its prerogatives and duties is included in **ARGAN's** Universal Registration Document, available on www.argan.fr.

■ The Energy Monitoring Committee

An internal company committee dedicated to monitoring energy investment actions and plans meets once a month, bringing together the company's main managers and the staff directly concerned. From 2024, this committee will be extended to the monitoring of all of **ARGAN's** environmental actions.

Since 2022, **ARGAN** has directly integrated the definition and coordination of the ESG strategy into the missions of its General Secretary. He is in charge of steering and monitoring the strategy validated by the Executive Board and reviewing the associated action plan. He also ensures its deployment at all levels and awareness-raising among all employees. Lastly, he reviews the environmental, social and societal risks resulting from the analysis of the company's overall risks as well as a review of climate risks.

■ Lobbying activities

ARGAN does not use external professionals to represent its interests. All actions in its field of activity are overseen and financed by the FEI, the French Federation of Real Estate Companies, which represents sector players, including **ARGAN**, before the public authorities. **ARGAN** is also a member of AFIOLOG, which plays a similar role in its scope of action.

■ Ethics, Risk and Responsible Procurement

• Ethics Charter

By the end of 2023, **ARGAN** will publish and distribute to its employees an ethics charter for strict compliance with the rules of conduct to promote honest and exemplary professional behaviour. Our ambition is to achieve the highest standards in terms of sustainable development through uncompromising professional ethics.

• IT charter

The purpose of the IT Charter is to specify and recall the key principles relating to the practical procedures for accessing and using **ARGAN's** resources, the conditions under which the use of these resources is authorised and, more specifically, the ethical, technical and legal security rules applicable to all users in compliance with the laws. It strengthens the company's cybersecurity.

In 2024, **ARGAN** intends to implement a Supplier ESG Charter that it will enforce for all its suppliers and construction partners. In particular, it will include concrete measures enabling it :

- To ensure the improvement of health and safety on the construction sites of the **ARGAN** warehouses;
- To ensure the strictest respect for human rights (fight against illegal employment, etc.) and fundamental ethical principles;
- To prioritise ESG best practices and the companies implementing them, at all levels, from materials sourcing to multi-technical building maintenance.

Lastly, **ARGAN** wants to implement a more exhaustive risk mapping, covering the entire area of resilience by the end of 2025.



Performance indicators

■ Key extra-financial indicators in 2022

The monitoring of these indicators will be strengthened from 2023 to include the company's various objectives and commitments.

| Environment | 2022 | Unit | Scope | GRI equivalent |
|---|---|-------------|---|----------------|
| Total electricity consumption | 207,990.515 | MWh | 100% ARGAN + Tenants consumption | 302-1 |
| Of which renewable energy produced on site | 15,123.202 | MWh | 100% ARGAN | 302-1 |
| Total gas consumption | 68,871.579 | MWh | 100% ARGAN + Tenants consumption | 302-1 |
| Total fuel oil consumption | 6,490 | Litres | 100% ARGAN + Tenants consumption | 302-1 |
| Average energy intensity | 79.29 | KWh/sq.m | 100% ARGAN + Tenants consumption | 302-3 |
| Scope 1 GHG emissions | 489 | tCO2e | 100% ARGAN | 305-1 |
| Scope 2 GHG emissions | 4 | tCO2e | 100% ARGAN | 305-2 |
| Scope 3 GHG emissions | 100,042 | tCO2e | 100% ARGAN | 305-3 |
| Total GHG emissions | 100,536 | tCO2e | 100% ARGAN | - |
| Total water consumption | Data too partial -> To be monitored from 2023 | | | 303-3 |
| Water intensity of buildings | Data too partial -> To be monitored from 2023 | | | - |
| Number of BREEAM-certified buildings | 50 | % | 100% ARGAN | - |
| Total weight of hazardous waste generated | 0 | Metric tons | 100% ARGAN | 306-3 |
| Total weight of non-hazardous waste generated | Data too partial -> To be monitored from 2023 | | | 306-3 |
| Waste recycling ratio | Data too partial -> To be monitored from 2023 | | | 306-4 |

Our 2023-2030 ESG ambition

| Social | 2022 | Unit | Scope | GRI equivalent |
|--|------|------|-------------------|----------------|
| Total number of employees | 29 | # | 100% ARGAN | 2-7 et 401-1 |
| Percent permanent contracts | 100 | % | 100% ARGAN | 2-7 |
| Ratio of women / men executives | 18 | % | 100% ARGAN | 405-1 |
| Total number of incidents of discrimination or harassment reported | 0 | # | 100% ARGAN | 406-1 |
| Pay equity ratio | 100 | % | 100% ARGAN | 405-2 |
| Percentage of employees who received an annual assessment | 100 | % | 100% ARGAN | 404-3 |
| Turnover | 7 | % | 100% ARGAN | 401-1 |
| Frequency rate of workplace accidents | 0 | % | 100% ARGAN | 403-9 |
| Number of workplace accidents | 0 | # | 100% ARGAN | 403-9 |

| Governance | 2022 | Unit | Scope | GRI equivalent |
|---|------|------|-------------------|----------------|
| % of women on the Supervisory Board | 38 | % | 100% ARGAN | 405-1 |
| % of independent members on the Supervisory Board | 38 | % | 100% ARGAN | - |
| Total number of incidents concerning fraud, corruption and conflicts of interest reported | 0 | % | 100% ARGAN | 205-3 |
| Total number of incidents endangering information security | 0 | % | 100% ARGAN | - |

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