4.1 EU Taxonomy

VGP team receiving EU Taxonomy verification at Expo Real 2023

4.1.1 Context

The Taxonomy Regulation introduces a unified classification system to determine the sustainability level of investments, in order to drive capital towards financing the EU environmental transition. The sustainability of a financial vehicle is determined by the share of sustainable economic activities it finances in its portfolio. Consequently, all economic activities listed in the scope of the Taxonomy Regulation (i.e. "eligible" activities) are to be screened for their environmental impacts, based on the environmental criteria ("Technical Screening Criteria") defined in the Taxonomy Delegated Acts.

To be considered environmentally sustainable, an economic activity has to substantially contribute to at least one out of the six following "environmental objectives", while not causing harm to the others and complying with "minimal safeguards" related social and ethical standards:
- Climate change mitigation;
- Climate change adaptation;
- The sustainable use and protection of water and marine resources;
- The transition to a circular economy;
- Pollution prevention and control; and
- The protection and restoration of biodiversity and ecosystems.

On 13 June 2023, the European Commission (EC) published The final Environmental Delegated Act, with that the technical screening criteria of all six environmental objectives of the Taxonomy Regulation ("Environmental Delegated Act") are defined. The Taxonomy Regulation represents an important step towards the EU's objective of becoming climate neutral by 2050.

The real estate sector is considered eligible to the Taxonomy of these environmental objectives. This means that the real estate sector, which plays a vital part in the economy, also has a key role to play in the transition towards a low carbon and climate resilient future.

4.1.2 VGP share of eligible activities

As a real estate player, VGP is committed to meeting the requirements set by this new Taxonomy Regulation and improving its performance in the coming years to contribute to the broader EU environmental transition. As a developer and operator of assets, VGP's main eligible activities can be split in the following 3 categories:
- 7.1: Construction of new buildings: buildings that VGP develops. Example: GEROBK – B project which VGP developed in VGP Park Oberkrämer, Germany;
- 7.2: Renovation of existing buildings: buildings that VGP redevelops exceeding "major renovation" thresholds according to local building regulations implementing Directive 2010/31/EU (works amounting to at least 25% of total asset value – excluding land – or affecting over 25% of the surface of the building envelope). Example: none today; and
- 7.7: Acquisition and ownership of buildings: buildings that VGP owns and operates for its own account or on behalf of the joint ventures, including those under development or redevelopment that do not exceed "major renovation" thresholds. Example: The building GER-FRA-A in VGP Park Frankenthal, Germany, owned by the Rheingold Joint Venture.

In addition to the above categories, VGP purchases equipment and services relating to the following categories, which enable its activities to reduce their GHG emissions:
- 7.3: Installation, maintenance and repair of energy efficiency equipment;
- 7.4: Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings);
- 7.5: Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings; and
- 7.6: Installation, maintenance and repair of renewable energy technologies.

These activities, qualified as "individual measures" are further described in the paragraph "Individual measures" of section 4.1.3 VGP Share of aligned activities. However, revenues from the sale of (green) electricity to end-customers is not covered by the EU Taxonomy. The Commission Delegated Regulation (EU) 2021/2178 of July 6, 2021 supplementing the Taxonomy Regulation specifies the scope, methodology and disclosure requirements for financial and non-financial undertakings concerning the proportion of environmentally sustainable economic activities in their business, investments or lending activities. The work done by VGP to establish its eligibility and alignment KPIs is based on this regulation, and the associated methodology is presented hereafter. In addition to the regulatory review performed by the statutory auditors of VGP's financial disclosure, some key assumptions in relation to the Group's EU Taxonomy assessment have been submitted by VGP to the independent third party for examination on a voluntary basis in 2022 (eligibility) and in 2023 (alignment).

4.1.3 VGP share of aligned activities

As the first step of the Taxonomy application, companies are to determine which of their activities are "eligible", i.e. covered by the Taxonomy Delegated Acts. Three KPIs are to be disclosed to that end:

— the share of eligible activities in the company's Revenues,
— Capital expenditures ("CAPEX") and
— Operational expenditures ("OPEX")

in alignment with the Group's reported Consolidated Income Statement and Balance sheet and, as an additional reference, VGP also publishes the same metrics based on the proportional consolidated balance sheet.

Eligible activities based on Group's reported IFRS Consolidated Income Statement and Balance sheet

Revenues *(€ '000)*	**31.12.2023**		
	Eligible activities	**Non-eligible activities**	**Total**
Gross rental income	64,642	—	64,642
Service charge income	17,794	—	17,794
Property and facility management income	22,513	—	22,513
Property development income	4,412	—	4,412
Renewable Energy income	4,361	—	4,361
Total reported revenue	**113,722**	**—**	**113,722**

Capital Expenditure ("CAPEX") *(€ '000)*	**31.12.2023**		
	Eligible activities	**Non-eligible activities**	**Total**
CAPEX on investment properties	692,859	—	692,859
Investments in PPE (tangible assets)	32,955	1,191	34,146
CAPEX on intangible assets	—	—	—
Total CAPEX assessed for EU Taxonomy alignment	**725,814**	**1,191**	**727,005**

Operating Expenditure ("OPEX") *(€ '000)*	**31.12.2023**		
	Eligible activities	**Non-eligible activities**	**Total**
Net property operating expenses minus service charge income	23,328	—	23,328
Total OPEX assessed for EU Taxonomy alignment	**23,328**	**—**	**23,328**

Eligible activities based on Group's proportionally Consolidated Income Statement and Balance sheet

Revenues *(€ '000)*	**31.12.2023**		
	Eligible activities	**Non-eligible activities**	**Total**
Gross rental income	166,715	—	166,715
Service charge income	41,194	—	41,194
Property and facility management income	22,513	—	22,513
Property development income	4,412	—	4,412
Renewable Energy income	4,361	—	4,361
Total reported revenue	**239,195**	**—**	**239,195**

Capital Expenditure ("CAPEX") *(€ '000)*	**31.12.2023**		
	Eligible activities	**Non-eligible activities**	**Total**
CAPEX on investment properties	692,859	—	692,859
Investments in PPE (tangible assets)	32,955	1,191	34,146
CAPEX on intangible assets	—	—	—
Total CAPEX assessed for EU Taxonomy alignment	**725,814**	**1,191**	**727,005**

Operating Expenditure ("OPEX") *(€ '000)*	31.12.2023		
	Eligible activities	**Non-eligible activities**	**Total**
Net property operating expenses minus service charge income	57,224	—	57,224
Total OPEX assessed for EU Taxonomy alignment	**57,224**	**—**	**57,224**

The change in the share of eligible activities between 2022 (figures published in VGP's 2022 Corporate Responsibility Report) and 2023 is explained by the following factors:
— For eligible revenues: year over year increase driven by increase in total gross revenue growth of the Group (€113.7 million vs €84.7 million over FY2022); and
— For eligible CAPEX: decrease driven by lower capital expenditure (€727 million vs €896 million over FY 2022) and €1.1 million non-eligible expenditure (vs €0.6 million over FY 2022).
— For eligible Operating Expenditure: to the reported net operating expenses service change income has been added back

4.1.4 Methodology of KPI calculation

The Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing the Taxonomy Regulation specifies the content, methodology and presentation of information to be disclosed by financial and non-financial undertakings concerning the proportion of environmentally sustainable economic activities in their business, investments or lending activities. The preliminary work done by VGP to establish its eligibility KPIs was based on this regulation, the methodology is presented in this section.

Allocation rules to the denominators
— As defined in the aforementioned Delegated Regulation, total revenues and total CAPEX have been determined in accordance with IFRS accounting standards applied to VGP activities and in line with financial statements:
  — Total revenues = gross rental income + service charge income + property and facility management income + property development income + renewable energy income;
  — Total CAPEX = CAPEX on investment properties + CAPEX on tangible assets + CAPEX on intangible assets; and
  — Only fully consolidated companies are included in the scope, and KPIs are reported on IFRS bases (not under proportionate consolidation)
— The Delegated Regulation requires reported OPEX in the denominator to be limited to costs related to building renovation, maintenance and repair, short-term lease, and research and development. VGP's OPEX are based on the Net property operating expenses.

Allocation rules to the numerators: determining eligible activities
— To determine the eligible share of Revenues (numerator), a screening of VGP revenue categories was performed according to the Delegated Acts' qualitative definitions of activities covered: among the revenue categories listed above all are considered eligible to the Taxonomy.
— To determine the eligible share of CAPEX (numerator), a screening of VGP's investment categories was performed according to the Delegated Acts' qualitative definitions of activities covered: among the investment categories listed above, CAPEX on investment properties and CAPEX on renewable energy technical installations are considered eligible. Other equipment, furniture and intangible assets are excluded from the eligibility scope.
— The eligible share of OPEX (numerator) is considered to cover the same scope of OPEX categories as for the OPEX denominator, these being specifically listed in the Delegated Regulation scoping the expenses to consider.
— The last step for calculating the Revenues, CAPEX and OPEX numerators was to identify, among all VGP activities, asset types or legal entities that would not be considered in the Delegated Acts' scopes. A preliminary screening of all VGP entities based on NACE codes, an analysis of specific business lines has been performed. As a conclusion of this analysis, a conservative approach was taken, deciding to include all of VGP activities in the eligibility numerators.

4.1.5 VGP share of aligned activities

The second part of the Taxonomy application consists of the screening and activities. Three KPIs are to be disclosed to that end: the share of aligned activities in the company's Revenues, CAPEX and OPEX. Financial year 2023 corresponds to the first year of application for which VGP reports alignment figures.

4.1.5.1 2023 Results of VGP's share of aligned activities

Taxonomy alignment figures calculated in accordance with the templates set by the European Commission: based on total activity (including non-eligible activities) and including service charge income lines, in compliance with the IFRS accounting standards, are presented in section 4.1.5 "VGP Share of aligned activities" – European Commission reporting templates, given their size and complexity.

Taxonomy alignment figures presented in the summary table below have been calculated on the basis of eligible activities only, presented in section 4.1.3 VGP share of eligible activities. Two consolidation methodologies have been applied: assets consolidated in compliance with the IFRS accounting standards using the equity method, and assets consolidated in the proportionate methodology including also joint-controlled entities, in order to valorise the alignment of assets in VGP's portfolio that are not accounted for in the IFRS methodology as well. In this specific table, revenue lines corresponding to charges reinvoiced to the tenants (service charges income) have been included for numerator and denominator, so the total reported revenue corresponds to the total reported revenue in the Group's income statement (see Notes to and forming part of the financial statements). For OPEX the service charge income/expenses have been added to the reported Net property operating expenses from the Group's income statement. All VGP activities aligned presented here below contribute substantially to the objective of climate change mitigation.

VGP activity (Taxonomy code)	Alignment figures (among eligible activities) to the consolidated IFRS accounts			Alignment figures (among eligible activities) to the proportionally consolidated accounts		
	% Revenue	% CAPEX	% OPEX	% Revenue	% CAPEX	% OPEX
Standing assets (7.7)	0.9%	n/a	0.0%	3.7%	n/a	4.4%
Construction of new buildings (7.1)	0.0%	0.1%	n/a	0.2%	0.1%	0.2%
Major renovations (7.2)	n/a	n/a	n/a	n/a	n/a	n/a
Developments for third parties (7.1)	0.0%	0.0%	n/a	0.0%	0.0%	n/a
Individual measures (7.3 to 7.6)	0.1%	0.3%	0.0%	0.1%	0.3%	0.0%
Total	**1.0%**	**0.5%**	**0.0%**	**4.0%**	**0.5%**	**4.6%**

Alignment figures show that
- on a consolidated basis, VGP has 1.0% of its revenues, 0.5% of its CAPEX and 0% of its OPEX considered as aligned with the EU Taxonomy environmental objectives;
- on a proportional basis, VGP has 4.0% of its revenues, 0.5% of its CAPEX and 4.6% of its CAPEX considered as aligned with the EU Taxonomy environmental objectives.

2023 is the first year the Group is applying this test. VGP's CAPEX alignment share is mainly driven by its development projects, of the projects currently under construction 6 or 23% are under review for EU Taxonomy alignment (of the 26 projects under construction at Dec 2023), a further 9 projects due to be started up are also under review for alignment. The final alignment confirmation of the project will only be confirmed once the project works are completed. Generally, all development projects in VGP's pipeline are managed towards contribution to climate change mitigation with regard to Taxonomy criteria. Whilst photovoltaic projects can generally be considered as contributing to climate change mitigation, for one photovoltaic project the contribution, DNSH and safeguard criteria were confirmed adding to the Individual measures category (7% of total capital expenditure on photovoltaic projects in 2023).

VGP's Revenues alignment share is predominantly driven by the standing assets. 0.9% of gross rental revenues and 3.7% of proportional gross revenues (including share of joint ventures) are aligned with the climate change mitigation objective. Nevertheless, the Taxonomy alignment figures need to be analysed carefully in light of the applicable alignment criteria and do not necessarily reflect the absolute environmental performance of VGP's portfolio. For example, in terms of energy efficiency performance, which is the main criteria for analysing the substantial contribution of standing assets to climate change mitigation according to the Taxonomy regulation, it is important to note that many assets that are reported as not aligned are effectively performing better than some assets which are reported as aligned. This is due to the fact that the assessment of alignment is to be based on relative comparisons to local regulations and benchmarks, which are more stringent in some countries than in others, rather than on absolute terms of performance values. More information on the translation of the Taxonomy screening criteria to VGP's portfolio and its limitations is given in the next section.

4.1.5.2 Environmental technical screening criteria

The Annexes I and II to the Commission Delegated Regulation (EU) 2020/852 of 4 June, 2021 supplementing the Taxonomy Regulation lay down the environmental Technical Screening Criteria ("TSC") to be complied with for each eligible activity to be considered aligned with:
— Climate Change Mitigation (Objective 1), and
— Climate Change Adaptation (Objective 2).

The final Environmental Delegated Act, (EU) 2023/2485 and (EU) 2023/2486 define the TSC of the four other environmental objectives of the Taxonomy Regulation, namely:
— Sustainable use and protection of water and marine resources (objective 3);
— Transition to a circular economy (Objective 4);
— Pollution prevention and control (Objective 5), and
— Protection and restoration of biodiversity and ecosystems (Objective 6).

These criteria are twofold: criteria for checking the substantial contribution of activities to each environmental objective, and criteria for making sure these activities do no significant harm to all the other environmental objectives.

Since the Delegated Acts have been published, VGP teams have worked on translating the regulatory criteria into applicable elements for its own operations across the countries of operation (through the initiation of pilot projects in all countries of operation).

Taxonomy-eligible activities cover a very broad scope of VGP activities, but this does not presume the relevance or practicability of the TSC to be applied to all these activities. For example, many of them cannot be screened based on the current published TSC without having recourse to additional information sources (local regulation, industry benchmarks from sectorial private organisations, ...) or using proxies. Many examples of this situation can be given particularly due to the lack of availability of some standard elements mentioned by the TSC, such as locally endorsed benchmarks to determine the top 15% of the building stock for commercial properties, and sectorial benchmarks.

Below is a summary of the TSC criteria for substantial contribution applied by VGP for each category of its eligible activities, across all its portfolio based on the EPRA Guide for EU Taxonomy[1]:

Key activities of the TSC for Construction and Real Estate

Construction and renovation		Installation, maintenance and repair activities				Acquisition and ownership
7.1	**7.2**	**7.3**	**7.4**	**7.5**	**7.6**	**7.7**
Construction of new buildings *(see Note 1)*	Renovation of existing buildings *(see Note 2)*	Individual renovation measures consisting of Installation, maintenance and repair of energy efficiency equipment	Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling energy performance of buildings	Installation, maintenance and repair of renewable energy technologies	Acquisition and ownership of buildings *(see Note 3)*
Stand-alone	**Transitional**	**Enabling**	**Enabling**	**Enabling**	**Enabling**	**Stand-alone**

Note 1
Development of building projects for residential and non-residential buildings by bringing together financial, technical and physical means to achieve the building projects for later sale and the construction of complete buildings, on own account for sale, on a fee or contract basis

Note 2
Construction and civil engineering works or preparation thereof

Note 3
Buying real estate and exercising ownership of that real estate

"9.3. Professional services related to energy performance of buildings" is also considered relevant for Real Estate from a market perspective, though it is not directly included under the related section.

1 EU Taxonomy Alignment in Listed Real Estate (*epra.com*)

VGP Park Olomouc, Czech Republic

4.1.5.3 Do No Significant Harm criteria

Adaptation to Climate Change

Pursuant to the release of the Climate Delegated Act specifying DNSH (Do No Significant Harm) criteria on adaptation to climate change, VGP has updated in 2022 its climate risk assessment study covering all of the Group's standing assets and development pipeline (see section 3.1.3 Climate risk management and adaptation to climate change). This study confirmed that VGP is compliant with the DNSH criteria of the Taxonomy. The following steps have been followed during 2022 and further during additions in the 2023 climate risk assessment:

1. The Group first performed a screening of the climate-related perils among the ones listed in Appendix A to the Annex I of the Climate Delegated Act to identify the ones most material to the business, based on the type of activities, equipment, materials and the geographical footprint of the portfolio. As a result, the following perils were considered applicable: heat stress, water stress, sea level rise, floods, earthquakes and wildfires;
2. For the climate-related perils considered as material, experts identified the most representative climate indicators. Climate indicator values were retrieved for each asset, based on their location. Climate models were then used to estimate the evolution of such values due to climate change, according to different scenarios aligned with the latest IPCC projections (see below). The climate indicator values were then translated into an impact/damage result ranging from 0% to 100%; and
3. As a follow-up to the risk and vulnerability assessment, site visits have been performed aimed at assessing the adequacy of adaptation measures already in place and at identifying new measures to be implemented. 8 assets have been identified as the ones potentially most at risk from a climate change and business perspective – considering both their multi-peril score and business performances. For each of those assets, adaptation plans will be designed. Asset specific actions will be considered as required. The climate scenarios selected by the experts to perform the climate change related risk analysis up to mid-century (2050) are the SSP2-4.5 ("Middle of the Road") and SSP5-8.5 ("pessimistic") scenarios:
   — SSP2-4.5 is in line with today's climate policies and 2030 Nationally Determined Contributions targets; and
   — SSP5-8.5 is the most pessimistic scenario which was selected to avoid any unanticipated event impacting the Group's assets.

3 timeframes have been considered for the analysis, consistently with the expected lifetime of the activity and the indications of the EU Taxonomy:

— Baseline: average between 1981 and 2010 values;
— 2030: average between 2015 and 2044 values; and
— 2050: average between 2035 and 2064 values

Other DNSH criteria

For existing buildings in ownership (7.7), there are no additional applicable DNSH criteria other than the one on climate change adaptation (see previous section). For construction of new buildings and renovation projects (7.1 and 7.2), the analysis of the compliance with other DNSH criteria than climate change adaptation has been done at project-level with 2 separated workstreams depending on the status of the project:

- For ongoing projects: projects were screened and analysed in their current development stage and, when possible, the technical criteria and/or studies related to the DNSH on water, circular economy and pollution prevention were added to the design specifications of the project to ensure its future compliance. When the projects were too advanced to change their design features, they have been considered as "not aligned" with the EU Taxonomy DNSH criteria if these criteria were not secured; and
- For new projects: an update of the Group design guidelines adding the DNSH criteria on water, circular economy and pollution prevention has been performed. As no CAPEX have been reported to substantially contribute to the objective of climate-change adaptation, the DNSH criteria for climate-change mitigation have not been screened in 2023.

4.1.5.4 Individual measures

The Commission Delegated Regulation (EU) 2021/2178 of July 6th, 2021 translating Article 8 of the Taxonomy Regulation provides for the integration of purchased "Individual measures" in CAPEX and OPEX alignment figures of non-aligned assets. Individual measures correspond to activities purchased that enable the target activities to become low carbon or to lead to GHG reductions, notably activities listed in points 7.3 to 7.6 of Annex I to the Climate Delegated Act, such as the installation of solar panels on a building rooftop.

As part of its ESG strategy and asset-level environmental action plans, VGP plans investments in all the aforementioned categories: energy efficiency equipment, charging stations for EVs in buildings, instruments for measuring and controlling energy performance of buildings, and renewable energy technologies (see sections 3.3 Improve eco-efficiency and 3.3.7 Develop connectivity and sustainable mobility). Related CAPEX spent in 2023 have been isolated and screened in accordance with the TSC of Annex I to the Climate Delegated Act for substantial contribution and DNSH where applicable.

- Substantial contribution: the compliance of the activities disclosed in category 7.6 with the minimum requirements set for individual components.
- DNSH: for individual measures installed in assets identified as most vulnerable to physical climate risks (cf. previous "Do No Significant Harm" section), the materiality of the risk for that measure has been assessed (based on equipment location, etc.) as well as the coverage by the mitigation action plan where necessary.

In 2023, VGP's individual measures stand for 4.5% of the Group eligible CAPEX, as presented in the alignment table at the top of this section.

4.1.5.5 Minimum safeguards

In addition to engaging in activities that are eligible and aligned with the European Taxonomy based on the environmental TSC, VGP strictly complies with the 4 aspects of the Minimum Safeguards (MS), as described in the Article 3 (c) and Article 18 of the Taxonomy Regulation and further specified in the Final Report on Minimum Safeguards published in October 2022 by the EU Platform on Sustainable Finance as well as OECD Guidelines for Multinational Enterprises and the UN Guiding Principles of Business and Human Rights.

Human Rights

Regarding human rights guarantees and due diligence in its own workforce, ethics and respect for human rights are among the core values of the Group. VGP is strictly committed to upholding all fundamental individual rights and labour rights protections (see section 3.5.7 Human Rights and Labour Conditions), as well as safeguarding the H&S and the wellbeing of its employees through enforced internal frameworks such as a dedicated Group framework for health and safety risk management and the Group's Your Wellbeing framework (see sections 3.5.5.4 Well-being, 3.5.6 Occupational health and safety and 3.2 Sustainable Properties for the sections: Health and safety, security and environmental risk, and pollution). VGP only operates in countries with high standards of human rights protections and the infringement of human rights in its own workforce has not been identified as a material risk factor in the Group's risk assessment (see section Risk factors). Yet, and as a safeguard, internal procedures are in place to anticipate, identify and prevent any infringement on employees' human rights and freedoms. These include, for instance, clear rules against any form of discrimination along with anti-harassment and anti-bullying practices including a whistleblowing hotline accessible 24/7 to all employees. The Group indeed stands against racism, discrimination, and bias of any kind, striving to ensure that everyone feels equally welcome and embraced. These principles are clearly stated in the Group Code of Conduct applicable to all employees. The Group has a zero-tolerance principle for violations of these rules (see section Conduct and Compliance in the Chapter Report of the Board of Directors). VGP makes sure to cultivate a sound work environment in which employees thrive (see section 3.5.5 "Employee commitments and ESG"). The Group's framework aims to fully embed VGP's commitment to ensure equal opportunities and greater diversity and inclusion across the business (see section 3.5.4 "Diversity"). VGP also cares about the protection of human rights in its value chain, and tackles this issue through the implementation of a due diligence process that identifies sustainability risks (including social and human rights risks) across its different purchasing categories and addresses them through mitigation actions. For example, main tenders are subject to a "Supplier Due Diligence" screening process, and all contracts require the acceptance of the Group's Purchasing Conditions, including provisions on human rights and labour standards based on the ILO conventions and international human rights standards. For further information on the Group's policies and actions to uphold human rights in its supply chain, please refer to sections "Responsible supply chain" of the risk table in 2.1.3 ESG Risks and opportunities and 3.6 Sustainable Supply Chain Management.

Bribery/Corruption

The Group has implemented robust internal mechanisms to anticipate, monitor and counter any risks of engaging in practices that could amount to corruption or bribery, through the Group Compliance program and the Group Code of Conduct. Additionally, all employees are trained to identify and distinguish situations that could be associated with corruption, with a clear communication of our zero-tolerance principle for any violation. For further information on the Group's policies and commitments against corruption, bribery and fraud, please refer to sections "Business Ethics" of the risk table in 2.1.3 ESG risks and opportunities, and the section 'Conduct and Compliance' in the Chapter Report of the Board of Directors.

Taxation
The Group complies with the spirit and the letter of tax law and regulations. The Group's tax policy, which is published in the annual report is regularly updated, describes the principles governing VGP's approach to tax and the processes in place to ensure efficiency of these principles. These principles are also summarized in section Legal and regulatory risks in the Chapter 'Risk Factors'. In essence, the tax position of VGP reflects the geographical location of its real estate portfolio and is consistent with the normal course of its business operations. The tax strategy and tax risks are followed and monitored by a team of internal and external experts and discussed with an internal committee whose members include the CEO and the CFO and the Group's auditors. The aim of the Group is to operate the business with low levels of tax risks. This is being done by ensuring that the tax consequences of arrangements entered into are being understood, including the way those arrangements will likely be viewed by relevant tax authorities. Only arrangements that are considered as acceptable to the relevant tax authorities are entered into.

Fair competition
The Group implements policies to anticipate and avoid engaging in any practice that could amount to a violation of fair competition and anti-trust regulations (See section Legal and regulatory risks in the Chapter 'Risk Factors'). Most exposed employees are educated and are expected to comply with all the competition and anti-trust laws as well as internal policies such as the Code of Conduct. If and when applicable, VGP is committed to fully co-operate with local authorities to preserve market integrity.

VGP liability and absence of convictions
VGP has developed an internal tracking methodology to scan news outlets and relevant platforms to identify whether the Group is involved in any ongoing litigation or proceeding. VGP has not been assigned or convicted for human rights violations or any offence related to anti-trust regulations or corruption. VGP has never been found guilty of tax evasion in any of the countries it operates in.

4.1.6 VGP share of aligned activities – European Commission Reporting Templates

The tables hereafter present taxonomy alignment figures based on total activity denominators (including non-eligible activities), in IFRS methodology only, and including service charge income lines in numerators and denominators, in the format set by the European Commission. To calculate the share of alignment of service charge income (charges refunded to the tenants) in the Revenues table, a pro rata methodology has been used because their consolidated computation on an asset per asset was not available to screen the aligned lines: the share of gross rental income from aligned assets among the total portfolio of eligible standing assets has been applied to the total of service charge and property and facility management income to report the amount of aligned service charge and property and facility management income reinvoiced to the tenants.

VGP Park München, Germany

Revenue KPI – VGP NV Consolidated							
				Substantial contribution criteria	**DNSH criteria**		
Economic activities	**Code**	**Absolute revenue** *(€ '000)*	**Proportion of revenue**	**Climate change mitigation** *%*	**Climate change mitigation Y/N**	**Climate change adaptation Y/N**	
A. Taxonomy-eligible activities							
A.1 Environmentally sustainable activities (Taxonomy-aligned)							
7.1 Construction of new buildings	7.1	—	0.0%	100%	YES	YES	
7.7 Acquisition and ownership of buildings	7.7	980	0.9%	100%	YES	YES	
7.7 Acquisition and ownership of buildings	7.7	56	0.0%	100%	YES	YES	
7.6 Installation, maintenance and repair of renewable energy technologies	7.6	124	0.1%	100%	YES	YES	
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)							
7.1 Construction of new buildings	7.1	4,412	3.9%				
7.7 Acquisition and ownership of buildings	7.7	103,969	91.4%				
7.6 Installation, maintenance and repair of renewable energy technologies	7.6	4,237	3.7%				

Revenue KPI – Proportional (including JVs at share)							
				Substantial contribution criteria	**DNSH criteria**		
Economic activities	**Code**	**Absolut revenue** *(€ '000)*	**Proportion of revenue**	**Climate change mitigation** *%*	**Climate change mitigation Y/N**	**Climate change adaptation Y/N**	
A. Taxonomy-eligible activities							
A. Environmentally sustainable activities(Taxonomy-aligned)							
7.1 Construction of new buildings	7.1	505	0.2%	100%	YES	YES	
7.7 Acquisition and ownership of buildings	7.7	8,840	3.7%	100%	YES	YES	
7.6 Installation, maintenance and repair of renewable energy technologies	7.6	124	0.1%	N/A	N/A	N/A	
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)							
7.1 Construction of new buildings	7.1	4,412	1.8%				
7.7 Acquisition and ownership of buildings	7.7	221,077	92.4%				
7.6 Installation, maintenance and repair of renewable energy technologies	7.6	4,237	1.8%				

DNSH criteria						
Water and marine resources Y/N	Circular Economy Y/N	Pollution Y/N	Biodiversity and eco-systems Y/N	Minimum safeguards Y/N	Taxonomy aligned proportion of CAPEX	Category (enabling activity) E
YES	YES	YES	YES	YES	0.0%	
N/A	N/A	N/A	N/A	YES	0.9%	
YES	YES	YES	YES	YES	0.0%	
N/A	N/A	N/A	N/A	YES	0.1%	E

DNSH criteria						
Water and marine resources Y/N	Circular Economy Y/N	Pollution Y/N	Biodiversity and eco-systems Y/N	Minimum safeguards Y/N	Taxonomy aligned proportion of CAPEX	Category (enabling activity) E
YES	YES	YES	YES	YES	0.2%	
N/A	N/A	N/A	N/A	YES	3.7%	
N/A	N/A	N/A	N/A	N/A	0.1%	E

CAPEX KPI – VGP NV Consolidated							
				Substantial contribution criteria	**DNSH criteria**		
Economic activities	**Code**	**Absolute CAPEX** *(€ '000)*	**Proportion of CAPEX**	**Climate change mitigation** *%*	**Climate change mitigation Y/N**	**Climate change adaptation Y/N**	
A. Taxonomy-eligible activities							
A.1 Environmentally sustainable activities (Taxonomy-aligned)							
7.1 Construction of new buildings	7.1	1,042	0.1%	100%	YES	YES	
7.7 Acquisition and ownership of buildings	7.7	N/A	N/A	N/A	N/A	N/A	
7.6 Installation, maintenance and repair of renewable energy technologies	7.6	2,294	0.3%	100%	YES	YES	
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)							
7.1 Construction of new buildings	7.1	691,817	95.3%				
7.7 Acquisition and ownership of buildings	7.7	—	N/A				
7.6 Installation, maintenance and repair of renewable energy technologies	7.6	30,661	4.2%				

CAPEX KPI – Proportional (including JVs at share)							
				Substantial contribution criteria	**DNSH criteria**		
Economic activities	**Code**	**Absolute CAPEX** *(€ '000)*	**Proportion of CAPEX**	**Climate change mitigation** *%*	**Climate change mitigation Y/N**	**Climate change adaptation Y/N**	
A. Taxonomy-eligible activities							
A.1 Environmentally sustainable activities (Taxonomy-aligned)							
7.1 Construction of new buildings	7.1	1,042	0.1%	100%	YES	YES	
7.7 Acquisition and ownership of buildings	7.7	N/A	N/A	N/A	N/A	N/A	
7.6 Installation, maintenance and repair of renewable energy technologies	7.6	2,294	0.3%	100%	YES	YES	
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)							
7.1 Construction of new buildings	7.1	691,817	95.3%				
7.7 Acquisition and ownership of buildings	7.7	—	N/A				
7.6 Installation, maintenance and repair of renewable energy technologies	7.6	30,661	4.2%				

	DNSH criteria						
	Water and marine resources Y/N	Circular Economy Y/N	Pollution Y/N	Biodiversity and eco-systems Y/N	Minimum safeguards Y/N	Taxonomy aligned proportion of CAPEX	Category (enabling activity) E
	YES	YES	YES	YES	YES	0,1%	
	N/A	N/A	N/A	N/A	N/A		
	YES	YES	YES	YES	YES	0,3%	E

	DNSH criteria						
	Water and marine resources Y/N	Circular Economy Y/N	Pollution Y/N	Biodiversity and eco-systems Y/N	Minimum safeguards Y/N	Taxonomy aligned proportion of CAPEX	Category (enabling activity) E
	YES	YES	YES	YES	YES	0,1%	
	N/A	N/A	N/A	N/A	N/A		
	YES	YES	YES	YES	YES	0,3%	E

OPEX KPI – VGP NV Consolidated							
				Substantial contribution criteria	**DNSH criteria**		
Economic activities	**Code**	**Absolute OPEX** *(€ '000)*	**Proportion of OPEX**	**Climate change mitigation** *%*	**Climate change mitigation Y/N**	**Climate change adaptation Y/N**	
A. Taxonomy-eligible activities							
A.1 Environmentally sustainable activities (Taxonomy-aligned)							
7.1 Construction of new buildings	7.1	N/A	N/A	N/A	N/A	N/A	
7.7 Acquisition and ownership of buildings	7.7	N/A	N/A	N/A	N/A	N/A	
7.6 Installation, maintenance and repair of renewable energy technologies	7.6	N/A	N/A	N/A	N/A	N/A	
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)							
7.1 Construction of new buildings	7.1	—					
7.7 Acquisition and ownership of buildings	7.7	23,328	100.0%				
7.6 Installation, maintenance and repair of renewable energy technologies	7.6	N/A	N/A				

OPEX KPI – Proportional (including JVs at share)							
				Substantial contribution criteria	**DNSH criteria**		
Economic activities	**Code**	**Absolute OPEX** *(€ '000)*	**Proportion of OPEX**	**Climate change mitigation** *%*	**Climate change mitigation Y/N**	**Climate change adaptation Y/N**	
A. Taxonomy-eligible activities							
A.1 Environmentally sustainable activities (Taxonomy-aligned)							
7.1 Construction of new buildings	7.1	142	0.2%	N/A	N/A	N/A	
7.7 Acquisition and ownership of buildings	7.7	2,490	4.4%	100%	YES	YES	
7.6 Installation, maintenance and repair of renewable energy technologies	7.6	N/A	N/A	N/A	N/A	N/A	
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)							
7.1 Construction of new buildings	7.1	—					
7.7 Acquisition and ownership of buildings	7.7	54,591	95.4%				
7.6 Installation, maintenance and repair of renewable energy technologies	7.6	N/A	N/A				

DNSH criteria						
Water and marine resources Y/N	**Circular Economy Y/N**	**Pollution Y/N**	**Biodiversity and eco-systems Y/N**	**Minimum safeguards Y/N**	**Taxonomy aligned proportion of CAPEX**	**Category (enabling activity) E**
N/A	N/A	N/A	N/A	N/A		
N/A	N/A	N/A	N/A	N/A		
N/A	N/A	N/A	N/A	N/A		

DNSH criteria						
Water and marine resources Y/N	**Circular Economy Y/N**	**Pollution Y/N**	**Biodiversity and eco-systems Y/N**	**Minimum safeguards Y/N**	**Taxonomy aligned proportion of CAPEX**	**Category (enabling activity) E**
N/A	N/A	N/A	N/A	N/A	0,2%	
N/A	N/A	N/A	N/A	YES	4,4%	
N/A	N/A	N/A	N/A	N/A		