



# Green Finance Framework

March, 2021

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# Background

## Introduction to VGP

VGP is a pan-European pure-play logistics real-estate group, specialised in the acquisition, development, and management of logistic real estate, i.e. buildings suitable for logistical purposes and light industrial activities and which is active in several European countries.

VGP focuses on (i) strategically located plots of land suitable for development of logistic business parks of a certain size, so as to build up an extensive and well-diversified land bank and property portfolio on top locations; (ii) striving to optimise the operational performance of the portfolio and the activities of our tenants through dedicated teams which provide asset- property and development services; (iii) growing the different joint ventures which have been entered into, and (iv) offering solutions and act as an enabler to help VGP's tenants and other third parties in their green energy transition through the roll-out of the renewable energy business line.

VGP is listed on Euronext Brussels and on the Prague Stock Exchange.

As of December 2020, the Gross Asset Value of VGP, including the joint ventures at 100%, amounted to € 3.84 billion and the company had a Net Asset Value (EPRA NAV) of € 1.35 billion.

## VGP and Sustainability

VGP is focused on continuously optimizing its buildings in accordance with the demands of the market and the latest technical developments. This means that energy efficiency and sustainability are among our top priorities. With this in mind, our motto “Building Tomorrow Today” reflects our belief that tomorrow can be better than today.

Therefore, a high quality and sustainable building standard is included in our building protocol, which also applies to our joint ventures. As from January 2020, VGP has committed that all new buildings (of which construction started since January 2020) will obtain an official BREEAM “Very Good” or equivalent certification. This updated policy emphasizes the increasing sustainability commitment of VGP and contributes to increasing the share of sustainable certified buildings in the VGP portfolio.

As of December 2020, VGP has enabled the development of a photovoltaic power generation capacity of 42.5MWp installed or under construction through 36 projects. Various other developments in renewable energy are in discussions including the analysis of a pan-European roll-out of renewable energy projects on our property portfolio.

In addition, VGP announced a target to become net carbon neutral by 2025 under scope 1 and scope 2. Please refer to the latest Corporate Responsibility Report for an update on VGP's sustainability efforts, including the overall BREEAM or equivalent certification progress, solar panel investments and other targets set under its Sustainable Development Goals program

# Green Finance Framework

## Introduction to VGP's Green Finance Framework

The VGP Green Finance Framework provides a clear and transparent set of criteria, which enables investments in **renewable energy, energy efficiency and environmentally friendly** projects which are part of VGP's assets portfolio and support the reduction of carbon emissions and the transition to a low carbon environment. The selected assets prove that it is possible to build, redevelop, renovate and transform the sectors and industries in which VGP is active in a sustainable and technological advanced way, beneficial to both the environment and the wellbeing of the people who work in them. With this Green Finance Framework, VGP has the possibility to issue Green Bonds, Green Private Placements and/or Green (Syndicated) Loans. Further details shall be made available in the relevant product documentation.

The Green Finance Framework is consistent with the Green Bond Principles 2018 (GBP)<sup>1</sup>, of which secretariat lies with the International Capital Markets Association (ICMA) and the Green Loan Principles 2018 (GLP)<sup>2</sup>, managed UK and Asia Pacific Loan Market Associations (LMA/APLMA). The GBP and GLP are designed with and supported by banks, investors and NGO's to promote transparency in the Green Finance market. The core components of the GBP and GLP are described in the following paragraphs focussing on use of proceeds, selection and evaluation process, management of proceeds, reporting and external review.

Furthermore, as both the GBP, GLP and the green finance market as a whole is evolving rapidly, this Green Finance Framework may be further updated or expanded, as deemed necessary.

### 1) Use of Proceeds

It is intended that an amount equivalent to the net proceeds of issued Green Bonds, Green Private Placements and Green (Syndicated) Loans will be used exclusively to finance and/or refinance, in whole or in part, "Eligible Assets" related to **renewable energy, energy efficiency and environmentally friendly** projects, as defined in this chapter.

The Eligible Assets described in this Green Finance Framework regard projects which are owned by VGP NV, its subsidiaries or any of its joint ventures.

#### Eligible Assets

Eligible Assets are defined as projects, investments and expenditures (either directly or through a partnership in companies active in these Eligible Assets) in the following categories:



#### Renewable Energy

The financing and/or refinancing of projects, investments and expenditures in products, technologies and services ranging from the generation and transmission of energy to the manufacturing of related equipment including among others onshore and offshore renewable energy facilities. This includes among others solar, wind, hydro and geothermal energy projects.

<sup>1</sup> <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

<sup>2</sup> <https://www.lma.eu.com/documents-guidelines/documents/category/green--sustainable-finance>



### **Green Buildings**

The financing and/or refinancing of projects, investments and expenditures in relation to real estate assets which have received, or are designed and intended to receive, BREAAAM “Very Good” certification (or equivalent DGNB/LEED rating)



### **Energy Efficiency**

The financing and/or refinancing of projects, investments and expenditures focussing on Energy Efficiency measures in existing or new (logistics) buildings, warehouses and technologies (insulation, LED relighting, motion detectors, energy monitoring tools etc.) and related services and products



### **Waste Management**

The financing and/or refinancing of projects, investments and expenditures which promote better recycling rates.



### **Clean Transportation**

The financing and/or refinancing of projects, investments and expenditures which promote clean transportation (electric vehicle charging stations, bike facilities, etc.).



### **Sustainable Water Management**

The financing and/or refinancing of projects, investments and expenditures which promote a sustainable water management (reduce freshwater consumption, capturing and recycling rain water, green roofing etc.)

## **2) Process of evaluation and selection**

VGP will follow a transparent process for selection and evaluation of Eligible Assets as defined in the Use of Proceeds section described above. The underlying Eligible Assets are required to comply with local laws and regulations, including any applicable regulatory environmental and social requirements.

The selection of projects, investments and/or expenditures is executed by internal departments (if required, with the assistance of external advisors). A Sustainable Executive Committee (expected to consist of among others representatives from Executive Management, Finance and the Technical department) will evaluate the compliance of the projects, investments and/or expenditures with the eligibility criteria and internal policies of the Eligible Assets. After positive evaluation of the projects, investments and expenditures, the accepted projects, investments and expenditures are considered as Eligible Assets and added to the Green Portfolio Register.

### **3) Management of Proceeds**

The net proceeds will be managed by VGP's Finance team on a portfolio basis, which will create a VGP Green Portfolio Register to keep track of the Eligible Assets. As long as Green Bonds, Green Private Placements and/or Green (Syndicated) Loans are outstanding, an amount equivalent of the proceeds of these Bonds, Private placements and/or Loans will be allocated to the portfolio of Eligible Assets as described in this framework on at least an annual basis.

VGP's Finance team will ensure that the allocation of proceeds is proportional to VGP's ownership share in the Eligible Assets, i.e. Eligible Assets owned by a joint venture or subsidiary are eligible for inclusion in the VGP Green Portfolio Register for up to VGP's pro rata share in such joint ventures or subsidiary.

On at least an annual basis, the VGP Finance team will check whether assets in the Green Portfolio Register still meet the eligibility criteria. If this is not the case, or the asset no longer is owned by VGP, its subsidiaries or the respective joint ventures, VGP will remove the asset from the Green Portfolio Register and has the ambition to replace it with another Eligible Asset as soon as reasonably practicable. Pending the allocations to eligible assets the net proceeds may be temporarily invested or otherwise maintained in cash and cash equivalents.

### **4) Reporting**

#### **Allocation of Proceeds Reporting**

On at least an annual basis until full allocation, and if necessary thereafter in case of material developments, VGP will prepare a report to update the investors and lenders on the allocation of proceeds of issued green finance instruments to the portfolio of Eligible Assets. The allocation report provides information about:

- The total outstanding (in EUR million) of Green Bonds, Green Private Placements and Green (Syndicated) Loans issued under the Green Finance Framework;
- The allocation of the proceeds of issued green finance instruments to a portfolio of Eligible Assets, including a breakdown of the allocation to specific use of proceeds categories;
- The amount of unallocated proceeds, if any;
- Percentage of new financing and refinancing; and
- The geographic distribution of the portfolio of Eligible Assets (country level).

#### **Impact Reporting**

On an annual basis, VGP will report on its sustainability initiatives and performance via its annual Corporate Responsibility Report. Amongst other information, this report will provide information regarding the total installed capacity of renewable energy for VGP's property portfolio. Additional impact indicators are subject to availability of data and include: annual generation of renewable energy (in kWh) and the related CO<sub>2</sub> emission avoidance, number of Environmental certifications, energy savings from efficiency projects (in kWh), quantity of recycled material (in metric tonnes per year), number of electric vehicle charging stations installed, freshwater savings in M<sup>3</sup>, etc.

## **5) External Review**

To increase transparency, VGP has obtained a Second Party Opinion (also known as pre-issuance verification) and is committed to obtain post-issuance verification on its Allocation of Proceeds Reporting.

### **Second Party Opinion**

For the Second Party Opinion, VGP has appointed CICERO review the Green Finance Framework and assess the alignment with the Green Bond Principles and Green Loan Principles. In its Second Party Opinion, CICERO rated the framework as 'CICERO Medium Green' and confirmed the alignment with both the Green Bond Principles and Green Loan Principles. The Second Party Opinion is available on the investor relations section of the [VGP website](#).

### **Post-issuance verification**

On at least an annual basis until full allocation of the proceeds of issued green finance instruments, an external party shall verify the Allocation of Proceeds Reporting when net proceeds from issued Green Bonds, Green Private Placements and/or Green (Syndicated) Loans have been allocated in full towards Eligible Assets. The verification report shall be made publicly available on VGP's website for all public Green Bond transactions. For Green Private Placements, Green (Syndicated) Loans or similar finance instruments, the verification report may only be disclosed to the specific and respective investors and lenders related to such finance instruments.

## Disclaimer

**Forward-looking statements:** This document may contain forward-looking statements. Such statements reflect the current views of management regarding future events, and involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. VGP is providing the information in this document as of this date and does not undertake any obligation to update any forward-looking statements contained in this press release in light of new information, future events or otherwise. The information in this document does not constitute an offer to sell or an invitation to buy securities in VGP or an invitation or inducement to engage in any other investment activities. VGP disclaims any liability for statements made or published by third parties and does not undertake any obligation to correct inaccurate data, information, conclusions or opinions published by third parties in relation to this or any other press release issued by VGP.

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