

Corporate Responsibility Report 2021

www.vgpparks.eu





BUILDING
TOMORROW
TODAY

Green roof of VGP Park Berlin –
facilitating water retention,
bio-diversity stimulation and insulation.



Ratings

ESG Ratings



LOW RISK



Credit rating



ISSUER RATING: BBB-

UN Global Compact commitment

The logo for the United Nations Global Compact, featuring a blue globe with a grid pattern and the text "UN GLOBAL COMPACT" in a sans-serif font.

COMMUNICATION ON PROGRESS

This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

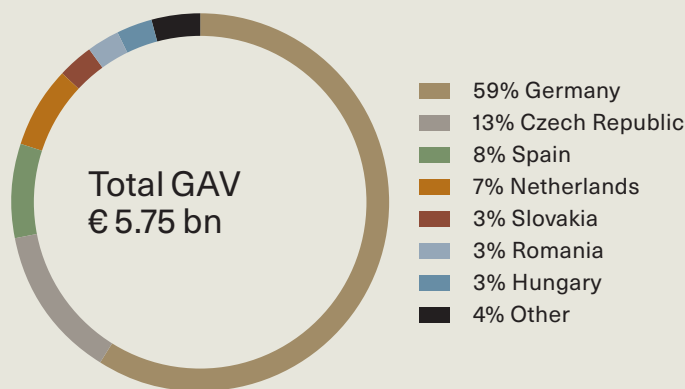


VGP Park Nijmegen with green walls and water retention bassin around the park.

Company at a glance

VGP is a pan-European developer, manager and owner of high-quality logistics and semi-industrial real estate. VGP operates a fully integrated business model with capabilities and longstanding expertise across the value chain. The company has a development land bank (owned or committed) of 10.94 million m² and the strategic focus is on the development of business parks. Founded in 1998 as a Belgian family-owned real estate developer in the Czech Republic, VGP with a staff of circa 350 employees today owns and operates assets in 14 European countries directly and through several 50:50 joint ventures. As of December 2021, the Gross Asset Value of VGP, including the joint ventures at 100%, amounted to € 5.75 billion and the company had a Net Asset Value (EPRA NTA) of € 2.33 billion. VGP is listed on Euronext Brussels (ISIN: BE0003878957).

INVESTMENT PORTFOLIO BREAKDOWN¹ COUNTRY BREAKDOWN



1 Including the joint venture at 100%

100 Parks



4,570,000 m²
Gross leasable
area¹

Our key figures in 2021

€ 256.1 Mio.

Committed Annualised rental income²

399

Number of tenancy contracts

74.7 MWp

Green energy production installed³

74.5 MWp

Green energy production pipeline⁴

39%

% female employees

322

Number of FTEs⁵

57

buildings with solar panels
on the roof⁶

60%

% female board members

54.3%

of portfolio green certified

60%

% independent directors

For more information, please visit www.vgpparks.eu

2 Including the joint venture at 100%

3 Enabled green energy production through PV installations owned by third parties installed on roofs of VGP Parks (Including operational and installations under construction)

4 Enabled green energy production through own PV installations and PV installations owned by third parties installed on roofs of VGP Parks for which heads of terms have been agreed

5 Full-time equivalent; number of employees was ca. 350 at YE2021

6 Installed or under construction



Building Tomorrow Today

As a family-owned business we think in partnerships and across generations.

Building Tomorrow Today *together* has since long been our guiding principle. We are building to create future-proof value.

For our clients, partners, shareholders and for the communities in which we operate.

By doing the right thing today and by doing business in a responsible manner VGP hopes to create a better tomorrow: by moving towards a circular, low-carbon economy, fully integrating business activities within the local communities, investing in the environment and empowering our teams on sustainability and diversity.

Building the foundations today we are working towards a brighter tomorrow. In that way we are constructing a happier, sustainable future for coming generations.

We do this by challenging ourselves and adapting to changing needs every day.

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ESG Risk Management

Managing Environmental Risks:
Environmental Management System

Business ethics

Health, safety security and well-being
of people in our properties

Human Capital

Local municipal acceptability

Environmental pollution

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Identifying, Assessing and Managing Climate-
related risks and opportunities

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Green financing of the Group activities

Green bond issuance

Eligible Assets

Current Allocation of Green Bond Proceeds

Audited criteria

Criteria of the use of proceeds reporting

Independent Third Party's report on Green Bond criteria

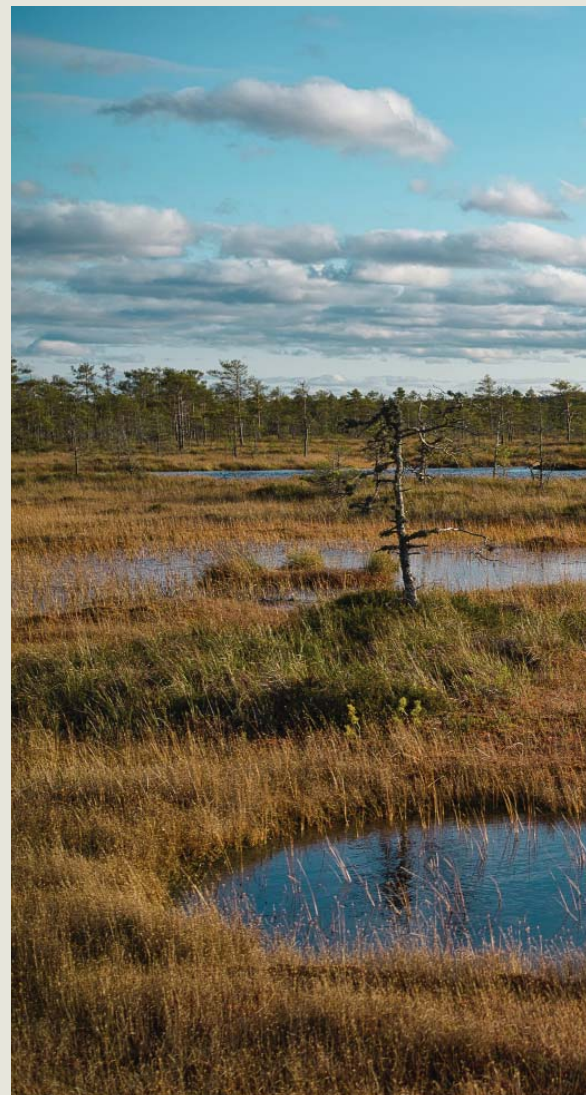
Letter from the CEO

At VGP, we have always considered ourselves and everyone associated with us as family. In the wake of the coronavirus pandemic, this sense of community is more important and meaningful than ever. I know this is a difficult time for all of us. I feel it with my family, with loved ones who live abroad, far from us.

In the past few weeks we have also seen how quickly things can change. The Russian invasion of Ukraine means war has returned to Europe. This is first and foremost a human tragedy, but these events will also have profound and lasting implications for business and society as we know it today. The new reality has already put some of our convictions to the test. Among all the uncertainty and need for immediate and pragmatic solutions to pressing issues, the dependency on Russian oil and gas has made the necessity of the shift towards efficient energy use, energy independency and green energy sources even more apparent. Europe has the chance to change this crisis into an opportunity for accelerated change and become globally one of the front-leaders in terms of technical competence with regards to transition technologies and renewable energy roll-out, a path VGP is actively supporting.

These unsettling days are also a wake-up call, a firm reminder that human well-being is inextricably linked to the health of our planet and can only be achieved if we all work together – whether it's war, climate change, forest fires, emergent tropical diseases, pandemics, loss of freshwater, etc. Protecting biodiversity and our environment nature is really about protecting ourselves.

Over our 24-year history, VGP has faced many challenges. Our approach has been to focus on the path ahead, building upon the technical competence of our teams to do what is right for our clients in the most sustainable way, acting quickly and with responsibility. We have been able to do so because of the actions and investments we have made over many years to build a strong, resilient business. This includes maintaining robust risk, financial and operating controls; maintaining continuous focus on the interests of our clients and communities; advance an inclusive economic recovery; investing in our employees and fostering a diverse and inclusive workplace; upholding a culture that reinforces integrity, fairness and responsibility; and advancing sustainability in our business and operations. Today, this is frequently described as Corporate Responsibility. We like to think of it simply as the smart and right way of doing business – Building Tomorrow Today together.





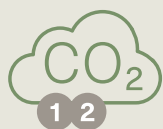
Several area-sized bog remnants in the districts of Rotenburg (Wümme) and Stade, Germany, with a total area of about 3,000 ha are protected by NABU and supported by VGP Foundation

Our Group’s environmental strategy to help accelerate the shift to a more sustainable, circular and low-carbon future is one example of our work in action. All of our offices across Europe have switched to 100 percent renewable energy as of January 1, 2022, and we have made significant investments into photovoltaic installations in our parks. We have made a commitment to reduce the net relative carbon emissions of our “in-use” portfolio with 55% by 2030 and we have increased our targeted building standard to DGNB Gold or equivalent, in addition we have several pilot projects for “DGNB Klima Positiv”-certification underway. We aim to align our portfolios’ performance with the goals of the Paris Agreement and working with our clients to help them realize their decarbonization strategies – efforts that are intended to drive near-term actions that will help set the world on a path to achieving net-zero carbon emissions by 2050. The VGP Foundation is helping in the conservation of biodiversity and engaged in unlocking opportunities for underserved communities. We also continue to work on a more equitable and representative workforce within our own company.

Ultimately, our long-term business success depends on the success of the communities we serve. In this report, I invite you to learn more about the ways we strive to operate a thriving company that we can be proud of, and all the ways VGP is putting its business to work for our stakeholders.


Jan Van Geet
CEO & Founder

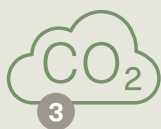
Key ESG achievements and highlights 2021



Carbon footprint scope 1 and 2 reduction

On track to achieve net carbon neutrality by 2025 and 50% gross reduction by 2030

All VGP offices green energy PPA contract as of 1 January 2022¹



Carbon footprint Scope 3 reduction

Engaging with tenants on self-consumption renewable energy

Aim for net 55% reduction of "in use" scope 3 carbon emissions by 2030



VGP Renewable Energy

74.7 MWp installed or under construction and 74.5 MWp in pipeline

Increase capacity by 2025 to 300 MWp

Supporting tenants in switch to green drive-train technologies

Pan-European corporate solar energy deal with Scholt Energy B.V. and ACT Commodities B.V. to power all VGP offices with 100% renewable electricity – Power supplied from VGP's existing solar farm on the roof of VGP Park Nijmegen, Netherlands, to VGP offices across Europe.



Green buildings certification

54.3% of portfolio green certified

Aiming for BREEAM Excellent/ DGNB Gold for all new builds in 2022 on a best-efforts basis



Buildings life-cycle management

Several pilot projects DGNB Klima Positiv life-cycle certification under way

EBRD joint research on circular materials

¹ <https://www.vgpparks.eu/en/newsroom/investor-news/vgp-announces-pan-european-corporate-solar-energy-deal-to-power-all-vgp-offices-with-100-renewable-electricity/>



Governance

Implemented principles 3.19 of the Belgian Code on Corporate Governance by appointing Company Secretary

Updating charter and various policies and guidelines to demonstrate highest standards of business conduct and integrity



Diversity and talent management

Board continues diversity lead with 60% female board members

Various training/development initiatives being implemented

Conducted inaugural annual group employee satisfaction survey



VGP Foundation

19 environmental, 5 culture and 5 social projects supported thus far

€ 7 million commitment made available until 2021



Climate change management

Evaluating Carbon Risk Real Estate Monitor 2050 pathway analysis for portfolio compliance on a best efforts basis



ESG disclosure

GRI compliant CR disclosure

Annual CDP and GRESB submission

Initial Sustainalytics score; plan to initiate MSCI ESG score in 2022

Our Approach to ESG

VGP N.V. (“VGP,” “we” or “the Group”) has built its reputation based on technical competence and being there for our clients and communities. The continued events of 2021 – the global COVID-19 pandemic and the increasingly visible effects of climate change – underscore why understanding, anticipating and effectively managing environmental, social and governance (ESG) matters is critical to delivering on our mission to serve our clients and communities. Now, more than ever, a strong focus on ESG is a business imperative – and a key driver of long-term business success.

At VGP, ESG matters are an important consideration in how we do business, including our corporate governance systems, risk management and controls, human capital management, approach to serving clients, support for local communities – including through the VGP Foundation – and management of our construction and portfolio management operations. We recognize the potential for ESG-related risks, which we work to identify and manage just as we manage risk in all areas of our business. Equally important, we believe companies like ours have an obligation to put their businesses to work for all of their stakeholders. For our Group, this means we are leveraging our business, capital and pan-European presence to help expand access to economic opportunity and accelerate sustainability and climate solutions.

About This Report

VGP communicates regularly about how we manage and conduct our business. We share information about our ESG performance through a number of channels — including our Annual Corporate Responsibility Report, various other reports and presentations, regulatory filings, press releases and direct conversations with stakeholders. We maintain a dedicated ESG Information page on our website to facilitate access to information that we publish on these topics.

This annual Corporate Responsibility Report is designed to consolidate and summarize our work on key topics that are important to our business and stakeholders, and guide readers to where they can access more detailed information about specific topics of interest. All data in this report are as of Dec. 31, 2021, unless otherwise noted.

This applies specifically to the CO₂ emissions and energy consumption data of our portfolio for which last available full-year data has been used (as referenced in the respective tables).

All the energy consumption data, as well as the carbon emission calculations used in this report have been third-party validated by CO2Logic (<https://www.co2logic.com/>) based on PAS 2060 and the GHG protocol.

This Corporate Responsibility Report has been prepared in accordance with the GRI Standards: Core Option. Apart from the Green Finance Framework and Proceeds section which has been reviewed by Cicero, the remainder of this report has not been externally audited. The GRI Content Index can be found on page 75-77.



Stakeholder engagement

We maintain an open dialogue with our stakeholders, including our investors, customers, employees, suppliers and the communities in which we operate. We seek feedback during our investor updates and client meetings or as part of our annual client and employee surveys. This has helped us to determine material sustainability priorities and the social impacts of our business. This in turn allows us to calibrate our targets and systems to manage, review and report on our ESG performance.

Our Global Reporting Initiative (GRI) index at the end of this report demonstrates the full view of our updated 2021 ESG topics.





VGP IN DIALOGUE

Dialogue, conferences, meetings and calls with investors and analysts	Capital markets
Dialogue in context of joint projects, supplier due diligence, forums & conferences	Suppliers
Dialogue through meetings and conferences as member of local and pan-European associations	Networks and associations
Dialogue in the context of press releases, information events on new parks, trade fairs	Media
Dialogue in context of new initiatives and existing partnerships	Business and joint venture partners
Personal meetings, park visits, neighborhood conversations	Local stakeholders
One-on-one meetings/dialogue, answering questions	Civil society and NGOs
Dialogue with employees, driving forces, idea management, internal media	Employees
Dialogue (including in context of park/building design), social media, trade fairs	Clients

Commitments

The 2030 Sustainable Development Goals

The Sustainable Development Goals (SDGs) were adopted in 2015 by the 193 United Nations (UN) member states. They have helped to inform our thinking about where VGP can play a role. VGP contributes in different ways and to different degrees to all the SDGs. In line with UN Global Compact guidance, we have identified which goals are particularly relevant to us: where expectations, risks and opportunities for VGP are greatest, and where we can make the most significant contribution.

We list these priority SDGs in the table below, vis-à-vis last year the changes to the sections and newly introduced main targets include:

- New target aiming to reduce the net Scope 3 'in use' emissions by 55% by 2030
- Increased renewable energy production target from 200 MWp to 300 MWp by 2025 – equivalent to nearly 2.0 × the total energy consumption of our tenants in 2020
- We have updated our building target to 100% DGNB Gold or equivalent¹ for new builds since January 1, 2022 (previously the target was set at BREEAM Very Good and DGNB Silver)
- Aim for development projects to be connected to public transport solutions
- 100% of development projects with biodiversity stakes to implement a biodiversity action plan
- GRI, CDP, GRESB and Sustainalytics aligned disclosure were already provided last year. From 2022 onwards our ambition is to initiate an MSCI ESG rating as well












¹ Aim for BREEAM Excellent (which is set above in-house minimum requirement as part of Group Environmental Management System of BREEAM Very Good/DGNB Gold)



The progress for each target has been updated to reflect steps taken in 2021:

TARGET	PROGRESS
<p>Achieve carbon neutrality under scope 1 and 2 by 2025 and reduce gross emissions by 50% by 2030</p> <div> <div>7 AFFORDABLE AND CLEAN ENERGY</div> <div>13 CLIMATE ACTION</div> </div>	<p>On track – major step all VGP offices switching to 100% renewable energy as of January 1, 2022.</p> <p>For 2022 the intention is to have all the Group's reduction targets approved by the Science Based Targets initiative (sBTi)</p>
<p>Aim for 55% net relative reduction of “in-use” Scope 3 carbon emissions by 2030</p> <div> <div>7 AFFORDABLE AND CLEAN ENERGY</div> <div>13 CLIMATE ACTION</div> </div>	<p>Analysed CO₂ footprint of our building users over FY2020 and set target to aim for a net relative 55% reduction of “in use” Scope 3 emissions caused by tenant operations by 2030 compared to base year 2020</p>
<p>Doubling (300MWp) of solar PV in operation or under construction by 2025</p> <div> <div>7 AFFORDABLE AND CLEAN ENERGY</div> <div>13 CLIMATE ACTION</div> </div>	<p>On track for revised target with approximately 74.7 MWp installed or under construction across Europe Projects representing 74.5 MWp are currently in the pipeline (up 53% YoY)</p>
<p>Aim for DGNB Gold or equivalent¹ sustainability certification for all newly constructed buildings as of January 1, 2022</p> <div> <div>7 AFFORDABLE AND CLEAN ENERGY</div> <div>13 CLIMATE ACTION</div> </div>	<p>100% of new construction projects across Europe are being environmentally certified. Combined with buildings previously certified this has resulted in 54.3% of the total portfolio certified or with certificate pending as of December 2021</p>
<p>Efficient use of buildings: maintain >95% historical occupancy rate</p> <div> <div>11 SUSTAINABLE CITIES AND COMMUNITIES</div> <div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div> </div>	<p>As of Dec 2021, the average occupancy rate for the completed portfolio was 99.4%</p>
<p>Aim for development projects to be connected to public transport solutions</p> <div> <div>11 SUSTAINABLE CITIES AND COMMUNITIES</div> <div>13 CLIMATE ACTION</div> </div>	<p>100% of development projects in 2021</p>
<p>Safe working environment: targeting zero workforce fatalities</p> <div> <div>3 GOOD HEALTH AND WELL-BEING</div> <div>8 DECENT WORK AND ECONOMIC GROWTH</div> </div>	<p>Zero workforce fatalities in 2021</p> <p>We request employees, contracted workforce as well as suppliers of VGP to adhere to our VGP Health and Safety Policy</p>

¹ Target DGNB Gold or aim for equivalent (BREEAM Excellent). The aim for BREEAM Excellent is set above in-house minimum requirement as part of Group Environmental Management System of BREEAM Very Good / DGNB Gold

TARGET	PROGRESS
<p>Supply chain ethics</p> <p>8 DECENT WORK AND ECONOMIC GROWTH</p>  <p>10 REDUCED INEQUALITIES</p> 	<p>We conduct a supplier due diligence and request to adhere to Code of Conduct</p>
<p>Gender equality, diversity and inclusiveness</p> <p>5 GENDER EQUALITY</p>  <p>10 REDUCED INEQUALITIES</p> 	<p>Our board consists of 60% female members and overall gender ratio of the group is 39% female</p>
<p>100% of new employees follow sustainable development training</p> <p>8 DECENT WORK AND ECONOMIC GROWTH</p>  <p>13 CLIMATE ACTION</p> 	<p>In addition to Code of Conduct training the aim is to ensure 100% of new employees complete sustainable development training</p>
<p>100% of employees involved in a culture of trust, evolution and sharing</p> <p>4 QUALITY EDUCATION</p>  <p>8 DECENT WORK AND ECONOMIC GROWTH</p> 	<p>Create an environment encouraging the development of each individual's talent and in which each employee can find himself or herself, by promoting diversity, ethics, well-being and parity</p>
<p>Charitable contributions</p> <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>  <p>15 LIFE ON LAND</p>  <p>4 QUALITY EDUCATION</p> 	<p>The VGP Foundation received € 7 million capital support from VGP up to 2021 with projects supported (€ 6.5 million has been committed thus far) in the field of environmental protection, social projects and European cultural heritage. A contribution of € 5million is provisioned by VGP for 2022.</p>

POST BALANCE SHEET EVENT

Charitable contributions after the year end



In 2022 VGP donated € 3 million for Ukrainian refugee support in neighbouring countries. The donation is to be deployed in collaboration with relief organisations recognized by the UNHCR.



Climate change strategy

As part of our ESG strategy, the Group commits to cutting carbon emissions across its value chain. This strong commitment, marks a broadening of the scope, by introducing, in addition to Scope 1 & 2 emissions, the Group's Scope 3 emissions, including:

- Greenhouse gas (GHG) emissions generated in the construction of development projects; and
- GHG emissions due to the private energy consumption of our tenants

In 2020, the Scope 3 emissions represented 99% of the Group's emissions according to the market-based method. The Group's carbon reduction target between 2018 and 2030 breaks down into the following four complementary objectives:

- Reduce emissions from own operations by 50% by 2030
- Fully compensate all remaining emissions from own operations from 2025 onwards
- Aim for a net relative 55% reduction (compared to base year 2020) of "in use" Scope 3 emissions by 2030
- Reduce emissions from construction activities (target being analysed in 2022)

The Group remains on track to achieve its Scope 1 and Scope 2 carbon reduction target through the initiatives taken in the course of 2021 including transitions to lower carbon transport modalities across the Group. Most importantly, as of January 1, 2022 all VGP offices switched to 100% renewable energy usage through the setup of a virtual Power Purchase Agreement (PPA) spanning 14 countries with ACT Commodities and Scholt Energy. The power being used is generated through the photovoltaic installation at VGP Park Nijmegen. Please see the case study on VGP Park Nijmegen. In addition, for the company car park the policy has been revised and only fully electric or hybrid vehicles are allowed for new leases and replacements in existing leases.



In 2022, all the Group's reduction targets (except for the one for construction which will not yet be submitted) will be analysed by the Science Based Targets initiative (SBTi) in order to confirm consistency with the levels required to meet the goals of the Paris agreement. The aim for:

- The targets covering GHG emissions from the Group's operations (scopes 1 and 2) to be consistent with the reductions required to limit global warming to 1.5°C, the most ambitious goal of the Paris Agreement
- The targets for the emissions from the Group's value chain to meet the SBTi's criteria for ambitious value chain goals, meaning they are in line with current best practice.

Total energy consumption within the organization

ENERGY DATA	2019	2020
Gas (GJ)	166.11	187.33
Grey Electricity (MWh)	993.98	286.19
Renewable Electricity (MWh)	485.62	129.55
Fuels (diesel and gasoline) (GJ)	23,226,26	15,164.17
Total energy GJ	24,871.97	16,381.76

For the analysis of our full Scope 1 and 2 emissions and Scope 3 emissions concerning i) own operations and ii) portfolio usage the Bilan Carbone® methodology has been used for the calculation of the carbon footprint. The methodology is recognized by the PAS 2060 standard for carbon neutrality, is compliant with the ISO 14064 standard and the GHG Protocol.

Based on the analysis the total CO₂e emissions (direct + indirect) for VGP Group over the year 2020 were estimated at 1,984 tCO₂e compared to 2,308 tCO₂e a year earlier. This emission equates to a total CO₂e emission per FTE employee and per m² office surface of 7.9 tCO₂e/FTE (compared to 9.7 a year earlier) and 0.4 tCO₂e/m² (compared to 0.6 a year earlier).

Whilst the year over year trend is encouraging and is showing the effect of various measures introduced (most importantly the car fleet switch to 100% electric or PHEV mobility for new vehicles) these measures will take time to take meaningful effect and as such the currently visible decline is mostly driven by corona measures and travel restrictions.

GHG emissions data

ENERGY	UNITS	2019	2020
Scope 1	tonnes CO ₂	691	841
Scope 2 (market based)	tonnes CO ₂	95	105
Scope 2 (location based)	tonnes CO ₂	95	127
Scope 3 ¹ (portfolio – “in-use”))	tonnes CO ₂	1,522	1,038
Total	tonnes CO₂	2,308	1,984
Operational emissions per employee	tCO ₂ e/ FTE	9.7	7.9
Operational emissions per square meter office space	tCO ₂ e/m ²	0.60	0.36
Scope 3 ¹ (portfolio – “in use”)	tonnes CO ₂	n/a	73,003
Usage emissions per square meter in completed portfolio	CO ₂ e/m ²	n/a	29.9
Scope 3 ¹ (developments) ²	tonnes CO ₂	n/a	274,439
Development related emissions per square meter delivered portfolio	tCO ₂ e/m ²	n/a	0.52
Total gross	tonnes CO₂	n/a	349,425
Offset emissions	tonnes CO ₂	n/a	10,453
Total net	tonnes CO ₂		338,973

The scope of VGP’s carbon footprint calculations

Scope 1, which includes direct emissions related to:

- Heating of our own buildings and offices (natural gas / fuel)
- Leased & owned vehicles
- Cooling systems GHG losses

Scope 2, including indirect emissions related to:

- Grid electricity (grey)
- District heating

Scope 3 – split into three components:

- a) Own operations, including indirect emissions related to:
- Upstream emissions from scope 1 & 2
 - Business travels (air-train)
 - Commuting (excl. leased & owned vehicles which are already captured under scope 1)
 - Waste from our offices
 - Paper consumption
- b) Tenants/portfolio – ‘in use’, including indirect emissions related to tenants usage of portfolio:
- Grid electricity (grey)
 - District heating
- c) Portfolio – development activities, estimated based on an initial assessment of a building in VGP Park Giessen-Lützellinden and a building in VGP Park München. Portfolio assessment based on extrapolation for total projects delivered in 2020 (531,000 m²). Analysis to be expanded for 2021 data.

1 Scope 3 emissions for ease of comparison split into three components – see for definition call-out box “The scope of VGP’s carbon footprint calculations”

2 Estimate based on embedded carbon in projects delivered during the reported year – see for definition call-out box “The scope of VGP’s carbon footprint calculations”

First of its kind, pan-European corporate solar energy deal to power all VGP offices with 100% renewable electricity

PRESS RELEASE 21 December 2021

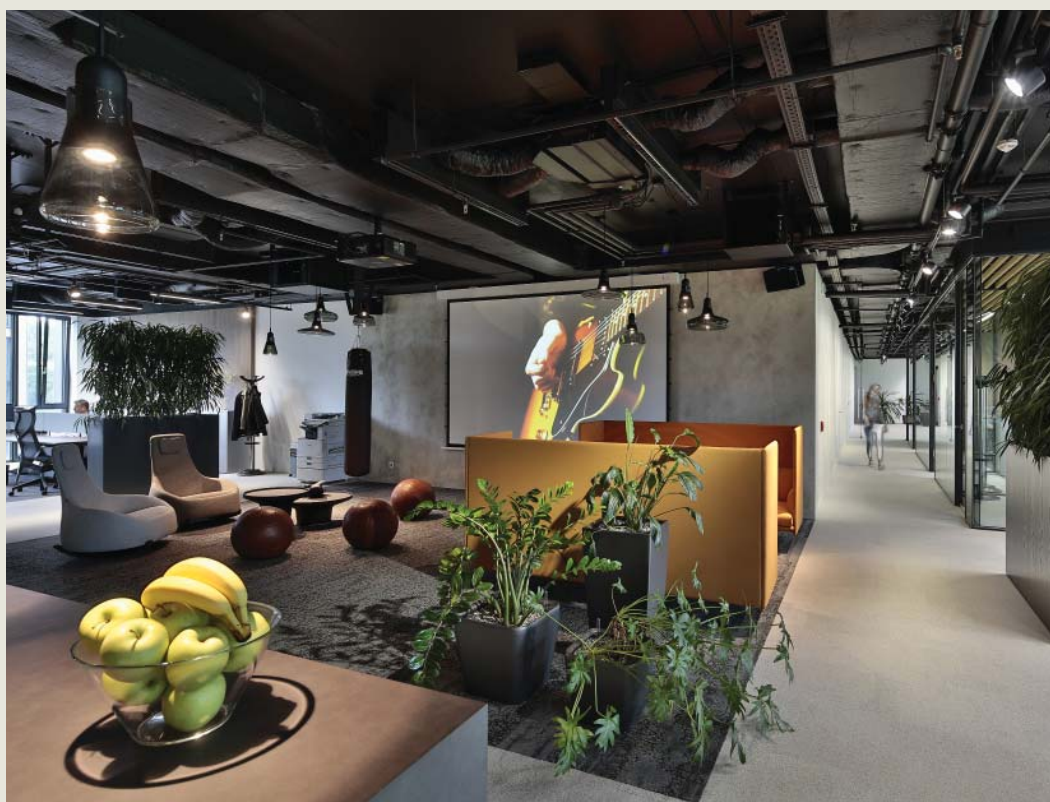
VGP NV will switch as of 1 January 2022 all its European office locations to renewable energy as an agreement was reached with Scholt Energy B.V., the independent energy supplier, and ACT Commodities B.V., the European energy trading house, to purchase 100% renewable electricity for all its European office locations.

The Virtual Power Purchase Agreement (VPPA) will provide power supplied from VGP's existing solar farm on the roofs of VGP Park Nijmegen, Netherlands, to VGP offices across Europe. The solar farm at VGP Park Nijmegen today has a combined power output of almost 4,400 MWh in total of which 2,100 MWh is currently being utilised by local tenants. Of the remaining output circa 450 MWh will be allocated to VGP's offices across Europe and the rest is offered for purchase to Dutch companies and households by Greenchoice, the green energy provider.

This agreement covers VGP's 20 offices across 13 countries¹. Additionally, it is envisaged to include VGP's new offices in France and Serbia next year also.

VGP's Chief Executive Officer, Jan Van Geet, said: *"As a developer of prime logistics real estate, we know that sustainability is not just part of our business, it is our business. From offering green leases to our new tenants, making use of circular building materials and eliminating unnecessary waste at our building sites to supporting environmental projects through VGP Foundation, we are continuously looking for ways to reduce our environmental impact and aiming to ultimately have a net positive effect."*

Jan Van Geet concluded: *"This is why we are very excited today to announce this partnership with Scholt Energy and to add new European solar capacity through additional photovoltaic projects on the roofs of VGP Parks. As we welcome the European Green Deal, we now ask our customers, colleagues, business partners and fellow companies to join us in shifting towards renewable power – we are committed to making our own 100% renewable electricity generated on roofs of VGP Parks available to our tenants where this is feasible and hope that we all together can support this positive change."*



Virtual Power Purchase Agreement (VPPA) will provide power supplied from VGP's existing solar farm at VGP Park Nijmegen to VGP offices across Europe



Rob van Gennip CEO at Scholt Energy, said: *“Developers like VGP are a driving force in the green energy transition and, with regards to the operational and real estate footprint of their clients, can help play a part in combatting climate change through the offering of renewable energy sources. We are proud to be supporting VGP in their renewable energy transition and to help make affordable, reliable and sustainable energy available to their offices across Europe.”*

The operation will be effectuated for all VGP offices by January 1st 2022. For the VGP offices in those countries with existing Scholt Energy operations it is the aim to switch to the new renewable energy contracts by the earliest contractual opportunity. Until this time ACT Commodities will provide VGP with the local delivery of Guarantees of Origin for the equivalent power consumption. Guarantees of Origin will also be delivered by ACT Commodities to the VGP offices in those countries in which Scholt Energy cannot deliver energy directly².

As the solar farm on the roof of VGP Park Nijmegen is already operational the green energy supply can be established as of January 1st 2022, however as Southern Europe enjoys higher solar irradiation, the plan is to switch to delivery from photovoltaic installations on roofs of VGP Parks in Italy which are currently still in design phase.

1 The offices in the following countries are covered: Belgium (HQ), Germany, Spain, Czech Republic, Romania, Luxembourg (VGP Asset Management), Hungary, Slovakia, Portugal, Italy, Latvia, Netherlands and Austria
2 Scholt Energy is expected to deliver energy directly to VGP offices in Belgium, Netherlands, Germany and Austria

Sustainable Properties

As part of our sustainable properties strategy, we aim to:

- **Design sustainable buildings** and minimize the environmental impact through innovative design and construction
- **Improve the eco-efficiency** of our buildings by collaborating with our tenants and contractors for efficient resource use
- **Develop connectivity and sustainable mobility** by ensuring access to public transport and sustainable mobility solutions for our tenants
- **Integrate nature and stimulate biodiversity**

Design sustainable buildings

Brownfields

To maintain our concentration of strategic locations, VGP commonly transforms older sites into modern spaces. This is known as a 'brownfield development' – as opposed to building on a new site – known as a 'greenfield' site. Close to 40% of our development projects acquired in 2021 have been brownfield sites, placing our clients closer to their clients and customers and improving their supply chain efficiency and last mile delivery. While these projects can be challenging, they lead to environmentally friendly and visually attractive sites that often benefit the broader community too.

Circular building materials

In 2021 the Group launched a project to setup a low carbon and circular design framework including a low carbon building design methodology and circular building design toolkit.

This practical framework will allow the teams to better understand and apply the right circular economy solutions for their projects. A pilot development project will be considered to test the circular design framework and as part of the resource audit prior to development to identify the materials that could be reused on-site or off-site, and sold for a second life. Thanks to reuse of second-hand steel at our VGP Park La Naval we expect the equivalent to 40,710 tons CO₂ emissions¹ and 17,700 tons of waste to be saved.

In October 2021, VGP had the pleasure to host a DGNB-ceremony at our stand at Expo Real in Munich. During the ceremony we received the DGNB Mehrfachzertifizierung for our VGP standard way of building which shows our engagement towards sustainability.



Certification

100% of new construction projects across Europe are being environmentally certified with the target to achieve DGNB Gold² or equivalent. Combined with buildings previously certified this has resulted in 54.3% of the total portfolio certified or with certificate pending as of December 2021.

By 2050, Europe's building stock must be climate neutral. But even today we can plan good, economical buildings and implement them in such a way that they are also climate neutral in operation. In order to distinguish such buildings that already demonstrably meet this requirement and achieve climate neutrality in operation, the DGNB has introduced the "Klima Positiv" certificate. It is awarded by the DGNB for a period of one year to buildings that meet the technical requirements and provide the relevant evidence as part of a certification for buildings in operation.

So far across real estate asset-classes, 16 buildings in Germany have achieved such certification³. VGP has several German pilot projects underway which aim for such certification and, once achieved, we will draw on our sustainability assessment experts to rapidly identify the easiest additional credits to attain, creating recommended changes to the VGP Building Standard to embed improved performance across the portfolio.

VGP Park Giessen-Lützellinden – DGNB Klima Positiv certification “in progress”

Example energy saving measures:

- Energy-efficient cooling through well-insulated cold stores in the warehouse, so that energy/cold does not escape unnecessarily to the outside
- Energy-saving LED lighting in the offices, hallways and warehouse to save energy usage
- 650 KW PV system fitted on the roof
- Use of 100% green PV electricity by the tenant
- Electricity savings by reducing cooling in the offices through external solar shading in summer

Other sustainability highlights:

- Electric charging points (with PV electricity) for cars
- Rainwater use for toilet flushing and outdoor irrigation
- Daily updated display of electricity generation by a PV monitor in the building visible to users and visitors
- Evaluation of CO₂ balance underway
- DGNB Gold award, “Klima Positiv” assessment in progress

1 The most energy efficient BF-BOFs emit about 1.8 tonnes CO₂ per tonne of steel made, but the global average is roughly 2.3 tonnes of CO₂e per tonne of steel (oecd.org)

2 DGNB Gold or BREEAM Excellent. Target at BREEAM Excellent is set above in-house minimum requirement as part of Group Environmental Management System of BREEAM Very Good / DGNB Gold

3 <https://www.dgnb-system.de>

Improving eco efficiency

By collaborating with our tenants and contractors we aim to achieve efficient use of resources. We have made a commitment to have a net relative reduction of 55% of carbon emissions of our “in-use” portfolio by 2030 (compared to base year 2020). We can support our customers by procuring off-site renewable energy and, where possible, generate renewable energy on-site. Our target is to increase the installed capacity for photovoltaic installations to 300 MWp – at close to 2.0x the current energy usage of our tenants.

As part of the eco efficiency drive the plan is to introduce energy efficiency and energy management plans in all standing assets, involving daily energy optimisation actions as well as investments. The environmental management system is designed to help improve the environmental performance of assets, including through a shift towards electricity supply from renewable energy sources for all assets where feasible (including projects in pipeline a total 94 photovoltaic roof projects have so far been identified versus a total buildings portfolio of 151 as of December 2021). The aim is to develop sufficient on-site renewable energy production to be able to at least cover the energy need of our clients. This strategy is an integral part of the life-cycle assessment of development projects.

In order to improve the energy efficiency and be able to improve the self-consumption of renewable energy sourced on-site we are engaging with stakeholders, including tenants and suppliers (e.g. green leases, PPA contracts, and energy performance contracts with maintenance providers).

Total energy consumption by tenants within the portfolio

ENERGY DATA	FY 2019	FY 2020
Gas (MWh)	n/a	83.695
Electricity (MWh) – grey	n/a	137.501
Renewable Electricity (MWh) – <i>self-consumption</i>		911
Fuels (diesel and gasoline) (GJ)	n/a	—
Total energy MWh consumed	n/a	222.107
<i>Total energy consumed kWh / m²</i>		<i>102.08</i>
Renewable Electricity (MWh) – <i>grid injection</i>	n/a	13.983

Whilst energy usage within the portfolio is closely monitored and effectively managed downward as of Dec 2021, the average occupancy rate for the completed portfolio was 99.4% and VGP accomplished an occupancy rate benchmark above 95% across its portfolio since 2010 (measured on a 6-months average). For us a high occupancy rate represents good business and sustainable use of the buildings we have created. It suggests our properties are well-located, adaptable to a variety of uses and are continuing to meet the needs of our customers.

The yearly tenant satisfaction surveys in each park were pursued in 2021, as well as one-on-one meetings with tenants, to secure that the tenants are aware of the Group’s strategy and feel supported in their transition strategy.

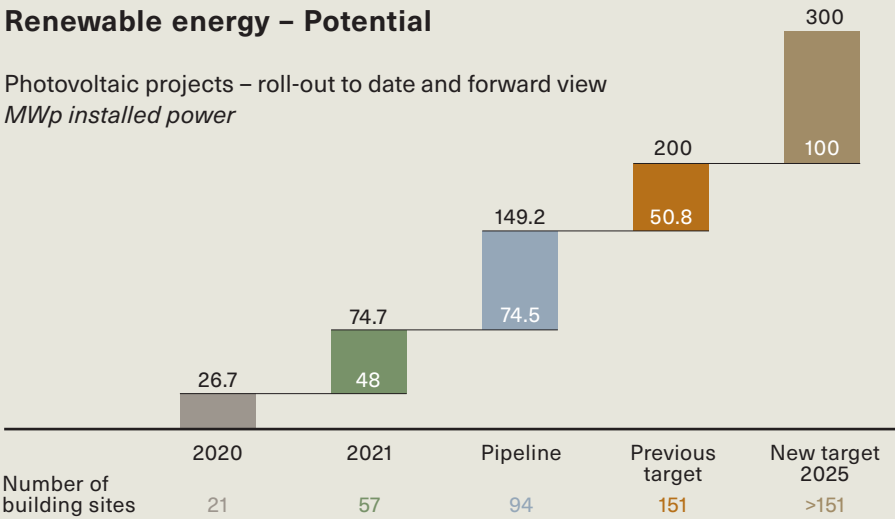
Renewable energy roll-out

The roll-out of the photovoltaic installations is aimed at improving self-consumption of renewable energy within our buildings and making renewable energy available to the local community. The revised installation target is set at 300 MWp – this equates to a power production capacity equivalent to almost 2.0x the total energy consumption of our tenants in 2020. We anticipate increasing demand for green energy from our tenants over the coming years as drive trains of cars, vans and trucks will increasingly rely on battery and other green powertrains which, we believe, will significantly increase the demand for green energy in our parks. The Group remains on track to achieve the revised target with approximately 74.7 MWp installed or under construction across Europe (through 57 roof projects) and projects representing 74.5 MWp are currently in the pipeline (in total up 53% YoY). This would bring the total to 94 roof projects (compared to 151 buildings in the portfolio in total).



Renewable energy – Potential

Photovoltaic projects – roll-out to date and forward view
MWp installed power



Data for 2021 includes projects under construction.
Pipeline includes projects for which contracts with tenants or feed-in PPA are agreed and construction works is to start in the coming period

Total renewable energy production and consumption

ENERGY DATA	FY 2020	FY 2021A
Own consumption (MWh)	911	3,971
Own consumption (number of clients – PPA or lease / total client contracts)	18/289	36/399
Grid injection (MWh)	13,983	25,016
Total green energy generation MWh	14,894	28,155

Develop connectivity and sustainable mobility

We aim to ensure that our develop projects have public transport access, thereby reducing the emissions from transport for employees of our tenants.

For new construction projects, we aim for electric recharging stations to be provided for at least 3% of the total car parking capacity for the building, thereby lowering the CO₂ emissions for employees and visitors of our tenants. In addition, during the preparation of the design, the design team usually consults with the local authority on the state of the local cycling network and how the new park development could improve bicycle usage of the park users. Where appropriate, the design team consults with the local community in selecting and implementing additional solutions to enhance the access to the local bicycle network.

VGP Renewable Energy N.V. has been setup by the Group in 2020 to broaden the ability of the Group to assist our clients in making their businesses more sustainable in a cost-effective way. The objective of the Renewable Energy business line is to serve the Group's client base, by offering such clients an ability to assist with their green energy transition including



An ability to offer green energy (produced on or off site).



Smart energy management (including use of batteries and smart local grids).



Facilitate our clients in their transition towards a green (forklift-) truck and car fleet by offering green electric and hydrogen charging facilities and infrastructure at our parks.



Green compensation area at VGP Park Berlin – Ludwigsfelde which includes breeding areas for ground nesting birds (field larks), replacement habitats for sand lizards and breeding net mounds for sand martins



Beekeepers on the roof of a building in VGP Park in Lliça d'Amunt, Spain



VGP Park Giesen am Alten Flughafen – „fence“-lizzard protected living space



VGP Park Gießen am Alten Flughafen – rain water retention basin

Integrate nature and stimulate biodiversity

The EU's biodiversity strategy for 2030 is a comprehensive, ambitious, and long-term plan to protect nature and reverse the degradation of ecosystems. The strategy aims to put Europe's biodiversity on a path to recovery by 2030 and contains specific actions and commitments. We see an urgent need to address the biodiversity crisis that's endangering species and farmlands the world over. Every natural environment preserved is a small win in the larger movement to preserve biodiversity.

With regards to our development projects, we always involve ecologists in the design and construction process. The new commitments and recommendations for the integration of biodiversity in development projects were integrated in the Group's design process through the environmental management system (see section on ESG Risk Management). This may result in green shelters, improved water management, increased greenery ratios on sites, bird houses, native plants, beehives or full-scale urban ecological water preservations areas or forests. We depend heavily on their recommendations to help nature to thrive and grow alongside our buildings and facilities.

A preliminary environmental impact assessment is always conducted, including an environmental/ biodiversity component, which is a prerequisite for obtaining a building permit and commercial planning permission in some countries. A public consultation may also be carried out as part of this process.

As cities continue to grow further out into nature, we consider it a responsibility to reintroduce green space into urban areas. To contribute to this effort and to support biodiversity in our parks 2,086 additional trees were planted in existing VGP Parks in all the countries the Group is already active in 2021. The VGP Foundation carries protecting biodiversity as one its three key focus areas as part of the environmental projects.

In keeping with our commitment to turn our parks into more sustainable places, the Group has begun research and development into urban beekeeping projects at a number of VGP Parks. Other than the benefits incurred from diversifying surface usage and influencing food consumption trends, this type of project also has a positive impact on promoting biodiversity in cities.

Biodiversity

Biodiversity is also addressed by the development projects through the "Land Use and Ecology" section in the BREEAM certification or "Biodiversity" in DGNB. For example, for the project VGP Park Gießen am Alten Flughafen the recommendations for the protection and enhancement of the local biosphere – for which the park scored an additional 30 points under DGNB certification - included in an ecology report written by a qualified ecologist and the required biodiversity protection measures were implemented – including living space for the 'fence'-lizzard

People, culture and employee well-being

The family ownership of the business transpires into a collegial team spirit across the company. Integrity means honesty and sincerity in what VGP does and adhering to open communication with issues being openly discussed and addressed as soon as possible. Mutual trust, respect for everyone and opportunity to grow with room for own initiative are important for our employees to feel rewarded and enjoy their work. We like to encourage 'out of the box'-thinking – even if it sometimes goes wrong – because we still can learn from it. We have a no fear of mistakes culture, but encouragement of initiative and responsibility. This is critical in order to be able to execute on the ambitious goals VGP has set for the years ahead.

We operate in culturally diverse markets, and we celebrate our differences. We support an inclusive and transparent workplace, free of harassment and discrimination, where all our people can contribute equally to our commercial goals. VGP believes in equal opportunities for all employees. VGP does not make any distinction on the grounds of gender, religion, ethnic background or sexual orientation in its HR, recruitment and promotion policies or remuneration systems.

Performance and career development reviews are encouraged by senior management. These reviews are conducted on a constructive basis and personal level and generally always conducted by line management.

Business travel

The Group travel policy aims to reduce the associated carbon footprint. Employees are encouraged to travel by train when possible and give preference to videoconferencing rather than physical meetings involving travel.

CO₂ emissions from employees' business travel by train and plane

The indicator is given both as an absolute value and as the ratio between CO₂ emissions from business travel and the average number of employees.

BUSINESS TRAVEL	2019	2020
Total emissions (ton CO ₂ eq)	951.5	647.6
Kg CO ₂ eq/employee	4,758	2,698

In 2020, the Group carbon emissions related to business travels were significantly reduced compared to 2019, due to travel restrictions linked with the COVID-19 pandemic and the reorganisation of Group's ways of working. In addition, since 2021 and as part of our Climate Change Strategy, all new company vehicles or renewed lease contracts must either be hybrid or electric vehicles.





photo © Trilux

Occupational Health and Safety

Since the start of the COVID-19 crisis in 2020 and to protect VGP's employees' safety, several measures have been taken and continue to remain in place in all the countries where we operate. We have been working from home since early 2020, and continued to do so in 2021, depending on local authorities' decisions and regulations. During lockdowns, communication was maintained through video conferences. If and where a return to the office is possible, extraordinary sanitary measures are enforced at VGP offices and construction sites, including increased cleaning/ decontamination frequency, stock of masks, hydroalcoholic gel stations, physical distancing, etc. VGP remains committed to safeguarding the health and safety of our employees as we potentially enter a new phase of the COVID-19 pandemic, and of course beyond.

Causes of any work-related accidents are analysed and measures are taken to prevent a recurrence.

Accident type:

	2019	2020
Work-related accident causing injury	2	2
Work-related/commuting accidents causing death	0	0

Workforce as at 31 December 2021:

	2021
Proportion of VGP development projects covered by VGP Health and Safety Framework	100%



Human rights and labour conditions

VGP complies with the labour standards set by the International Labour Organization (“ILO”). The Group only operates in countries where social regulations are well developed through democratic frameworks. Internally, specific frameworks set up by the Group define and manage additional regulations that reinforce employee rights and strongly endorse respect and ethical conduct in business dealings (Code of Conduct, Anti-bribery and Corruption Policy, Political Activity Policy (as part of our Code of Conduct), Dealing Code, etc.). Since January 2022, VGP has been a member of the UN’s Global Compact, which promotes ethical conduct and fundamental moral values in business. VGP strives to adopt, support, and apply in its sphere of influence the ten principles of the Global Compact concerning human rights, labour, environment, and anti-corruption. VGP respects local labour laws. As at 31 December 2021 no employees were covered by a collective bargaining agreement.

Ethical culture

Earning and maintaining the trust of the communities in which we operate, our clients, and other stakeholders is essential to our business. To do this, we strive to maintain the highest ethical standards, as encompassed by our Code of Conduct and other internal policies. Every employee is responsible for upholding these standards in their work. We reinforce these expectations through various channels, including our Code of Conduct trainings, and by encouraging our managers to communicate about these issues clearly with their employees. In addition, as part of the annual review process, all employees are evaluated against common performance dimensions that include delivering business results; addressing the needs of clients and stakeholders; fostering a collaborative and inclusive environment; driving a robust risk and control environment; and acting with integrity.

We recognize that clear expectations, policies, and processes are critical to supporting ethical behaviour, and building a culture that reinforces these expectations is equally important. We work to create an environment that not only supports ethical behaviour but also allows employees to feel safe and empowered to speak up if they have concerns about unethical behaviour. We have implemented employee training, protocols, and reporting mechanisms to help prevent behaviour that is not in line with our business principles, Code of Conduct and other internal standards.

The firm prohibits retaliation against any individual who reports a concern or assists with an inquiry or investigation.

We have a Code of Conduct Hotline, which is a channel for employees, clients, and suppliers to raise conduct concerns if they see, hear, or suspect something that violates our firmwide Code of Conduct. The Conduct Hotline is open 24/7, with the option to submit inquiries by phone or online. The Conduct Hotline helps promote integrity, fairness, and accountability. The firm’s Code of Conduct is our shared commitment to preserve and build on these values and to maintain exceptional relationships with our clients, shareholders, colleagues, and our communities.

Ethics and culture are key focus areas of our Board of Directors. The Board oversees the governance framework that underpins our firmwide culture of ethics and receives regular updates from management, including on significant conduct issues if any should occur.

Political engagement and public policy

As outlined in our Political Activity Policy, VGP has a principal policy of no political engagement. Employees may participate in political activities in their own free time and should in no way suggest VGP support. Vacation leave may be requested to conduct such activities.

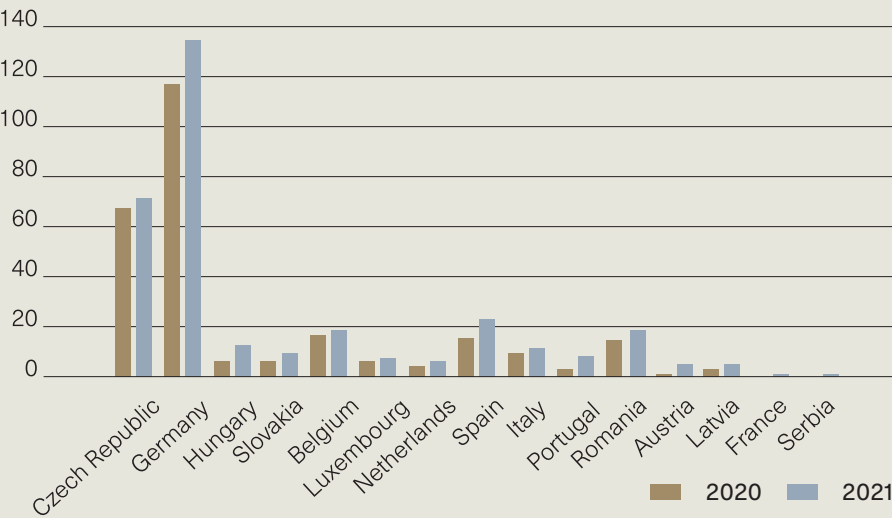
VGP prohibits political donations and in principle does not allow attendance at political events of VGP representatives. Exceptions may be granted by the Group, after careful consideration by Management.



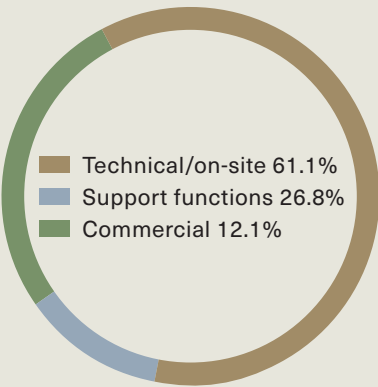
Workforce

Key figures

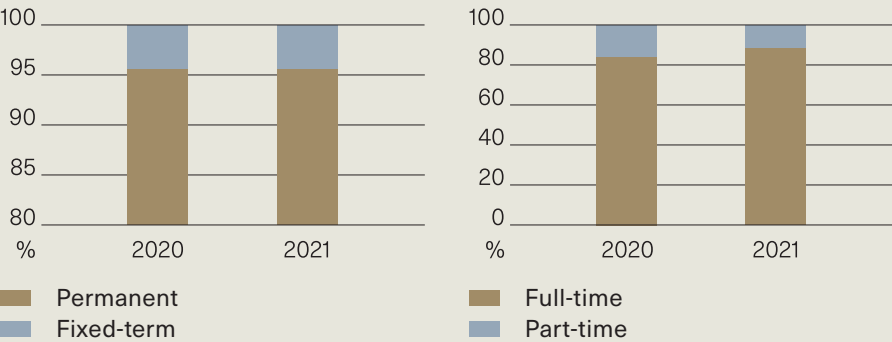
Employment by country
Workforce at YE 2020, 2021 comparison
The Group has 322 FTEs as of December 31, 2021



Employment by activity



Employment contracts
Workforce at YE 2020, 2021 comparison



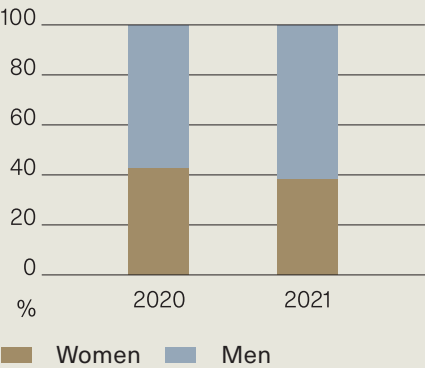
Workforce at YE 2020, 2021 comparison

	2020	2021
Proportion of employees entitled to parental leave	100%	100%

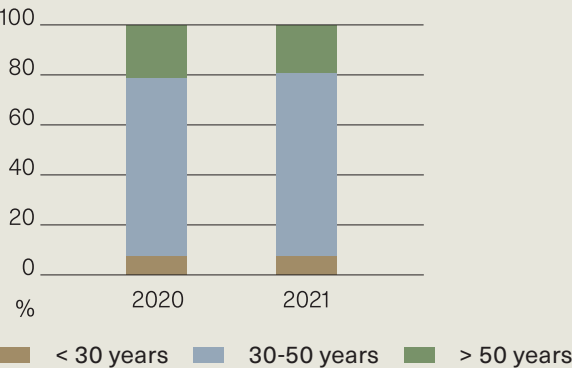
The Company's mission – Building Tomorrow Today together – represents the excellence in the Group's standards and culture. Together at VGP means that we empower all our employees to work together to become sustainability and diversity change-makers. Employee performance is measured against the first value in the annual Performance Reviews and appropriate review contribution is being considered for the second value.

Diversity and inclusion

Employment by Gender



Employment by Age



Proportion of senior management level positions held by women

Workforce at YE 2020, 2021 comparison

	2020	2021
Proportion of the board level positions held by women	60%	60%

Workforce at YE 2020, 2021 comparison

	2020	2021
Proportion of senior/management level positions held by women	13%	16%

VGP operates in industries where jobs have traditionally been predominantly filled by male employees. The percentage of board female leadership provides a strong signal to our commitment to diversity. We realise there are still considerable steps to be taken within the organization.

To this end, and to track progress, this performance indicator for senior/ management level positions has been introduced. To further stimulate diversifying skills and competency profiles at all levels within the organization, VGP introduced a new framework – the VGP Diversity Policy – to fully embed the Group's commitment to Diversity and Inclusion at all levels within the organization.

Ratio average compensation men/women 2021

Differences in average compensation are being analysed and can be explained by the structure (presence of more males at the highest responsibility levels), not by company remuneration policy or practices.

Tools are being developed to monitor these ratios, and talent management and remuneration policies are already in place to keep reducing these potential gaps. Diversity and Inclusion forms a key part of the Group's human capital strategy. VGP commits to ensuring full equal opportunities (e.g. gender, nationality, sexual orientation) in HR practices and processes Groupwide.

100% of VGP countries ensure full equal opportunities by having the VGP Equal Opportunity statement included in formalized HR policies relating to Recruitment practices, Compensation & Benefits, Talent Review and Learning & Development. The VGP Diversity Policy and VGP Talent Development Program ensures that HR policies and processes are applied without discrimination on the basis of race, colour, religion, sex, sexual orientation, gender identity, marital status, age, disability, national or ethnic origin, military service status, citizenship, or other protected characteristics.

Supply Chain Management

The ESG strategy of the Group addresses fundamental challenges and encompasses a much wider footprint than its direct actions. Being a substantial buyer, the Group is aware of the importance of driving industry standards. We strive to drive our suppliers and service providers toward more sustainable operations.

Given the size of its portfolio, the Group works with many suppliers and contractors. This ensures that VGP is not exposed to the risk of depending on only a few main strategic suppliers.

Purchasing mapping

Purchases at VGP can be split into three categories:

- Corporate overheads, including office management, business travel, consultancy and audit fees, corporate communication and public relations costs, ICT, and other administrative costs. This covers all Group staff and country offices;
- Operating costs, services provided to properties for daily onsite operations, such as maintenance, landscaping and garden maintenance, waste management (if applicable), energy and water provision (OPEX paid by VGP as the property owner or as manager in case of the joint ventures and mostly passed onto tenants as service charges);
- Land and capitalised construction works invested in properties for three main purposes: new development or enhancement works, maintenance works or reletting works (CAPEX paid by VGP as the property owner); these include mainly purchases from constructors, fees for architects, designers and engineering firms, and insurance premiums.

The varied nature of procurements and the diverse locations of the Group's properties result in having most of the supply chain consisting of local companies or subsidiaries that support the local economy. In addition, wherever possible, the purchasing policy favours local purchases in the catchment area of the Group's assets to contribute to employment and local economic development. Purchases consist principally of OPEX and CAPEX for the operation and development of properties (overheads being a small part of the overall expenses).

Operating expenses are spent locally. OPEX and CAPEX costs are mostly comprised of labour-intensive services and to that extent are purchases that cannot be relocated. Capitalised construction works are non-recurring expenses depending on development activity.

Sustainable Procurement

VGP's procurement strategy is designed to comply with the following rules: fairness, focus on quality,

long-term partnerships, reduced risk, and the respect for applicable regulations. Moreover, the Group must honour the trust placed in it through property management contracts which aim to be transparent and cost-efficient.

In addition to the principles and rules detailed in the Group's Anti-Bribery and Corruption policy and in the Code of Conduct as revised in 2022, all purchases must comply with the applicable local laws and regulations, especially labour and environmental laws. These local laws and regulations notably include the respect of the Modern Slavery Act or anti-discrimination clauses.

The ESG approach is fully integrated at each step of the supplier procurement and referencing process of VGP. Suppliers are to sign and comply with the Supplier Code of Conduct which includes requirements related to the conservation of the environment, the working environment and social conditions, and business ethics and compliance. Furthermore, suppliers are subject to a due diligence analysis to ensure ethical work practices related to sustainability, work environment, labour legislation, human rights, among others.



Selection of suppliers

VGP chooses its contractors with great care and ensures that they comply with the procurement policy. Group-wide, the purchasing procedures aim to achieve an optimised price for the best level of service while securing an equal treatment among providers/suppliers. Based on the procedure, suppliers of all goods and services must be selected fairly on the basis of objective, comparable criteria and, when relevant, according to procedures relating to invitations to tender. Prospective business partners are screened in line with the “Know Your Partner” procedure of the Group. This due diligence process aims at assessing the partners exposure to corruption risk, but also enable the Group to identify past international labour law or human rights breaches.

Before a new service provider joins the approved list, a substantial amount of information is required, including an overview of its ESG strategy and practices. These environmental and social factors are of particular importance in informing the Group's choice of suppliers: they form part of the criteria considered in any tender process used to select suppliers. Each purchasing step is duly documented for traceability.

A web-based NetSuite solution for purchasing management was launched in 2021. The use of this purchasing platform makes the procedures of VGP more robust, ensures the transparency required for all purchasing decisions, helps operational teams to select providers, and facilitates the sharing of best practices and risks mitigation for local as well as pan-European purchasing decisions. This solution secures the administrative management for the whole purchasing cycle and ultimately should also generate productivity gains.

Inclusion of ESG criteria in contractual clauses

Inclusion of ESG criteria in contractual clauses apply for all the countries in which VGP operates, although they can vary according to local requirements.

A clause is also automatically included in these conditions, requiring suppliers to abide by the Group's Code of Conduct provisions, including: complying with applicable laws and regulation, prevention of all forms of corruption, prevention of all forms of discrimination, respect for human dignity and for employees' work, conservation of the environment and reporting practices that are in breach of these principles using the contact procedure provided by the Group. The procedure ensures the protection of social and labour rights, including a commitment to comply with the conventions of the International Labour Organisation (“ILO”) and with local employment legislation.

Suppliers are required to comply with all relevant safety (we generally expect our general contractors and health-and-safety coordination partners to comply with ISO45001), labour and environment (including but not restricted to waste and water management) legislation. We expect our general contractors and engineering partners to have a site environmental management accreditation (ISO 14001), including operating with best practices. Suppliers are required not to engage in any direct or indirect form of human trafficking, slavery, forced or involuntary labour.

Raising awareness amongst existing suppliers

To encourage existing suppliers and contractors to improve sustainable operating practices and the use environmentally sustainable materials, the Group is evaluating ways to further raise the awareness amongst existing suppliers. These include, but are not limited to, sharing the ESG policy and related environmental and social targets with all of main service providers Group-wide through official communication letters (including contents and ambitions of the Group ESG strategy) and the announcement of further supplier engagement on ESG topics, including ESG assessments

VGP in the community

Today, more than ever, the Group aims to come together with its communities and stakeholders, building on each other's strengths to create shared value. Anchored in the local areas where it operates, each of the Group's parks has built a network of local partnerships, working closely together to identify and tackle issues which are crucial for the local population and businesses. By building these strong and long-term relationships with local stakeholders, the Group can coordinate common answers, use its technical competence to connect people, commerce, and the build environment.

On 21 April 2021, VGP Portugal organized a volunteering event in Santa Maria de Feira at the Set + Pessao Association. The association supports and develops culture and handicraft projects to promote the reintegration of people in socially vulnerable circles.



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In November 2021 a total of 250 trees were planted by 18 VGP volunteers accompanied by the Ivan Dejmal Foundation in Jizera mountains, Czech Republic.



VGP Community Day

The VGP Community Day is an initiative designed to engage many employees in volunteering for a local community or charity. In 2021, the pilot projects in Czech Republic and Portugal were very well received and the concept is being rolled out to VGP's other markets in 2022. In November 2021 a total of 250 trees were planted by 18 VGP volunteers accompanied by the Ivan Dejmal Foundation in Jizera mountains, Czech Republic.

VGP for jobs

In many of the concrete targets of VGP parks have been agreed with the local municipality in terms of number and type of jobs created. This is often part of an overall agreement with the local municipality to create a new park that is fully integrated in the local community, fostering the social fabric and the environment. Following the development of a park, VGP continues to work with existing tenants and the local community, for example by facilitating job secondments and internships for local schools, colleges and universities. An example of such program has been setup with the HAN – University of Applied Sciences in Arnhem to promote or facilitate logistics jobs for students with tenants at our VGP Park Nijmegen. Finally, at Group level, several community initiatives are supported by the VGP Foundation. For further details on these initiatives please refer to section VGP Foundation. In total, philanthropic contributions from VGP amounted to €6.45 million group-wide in 2021.

Employee well being

Employee retention remains high due to an effective remuneration plan, internal growth opportunities that reward and advance high potential employees and challenging, yet exciting, projects. In 2021 VGP conducted an inaugural employee satisfaction survey which received excellent scores. VGP has a strong culture which is shared across all countries in which we operate and which we believe is a critical part of our business success.

The key elements of our culture:

- Workplace safety
- Effective Group and Country leadership as culture carriers
- Working in partnership – “we like simple projects but are never scared of a challenge”
- ESG performance targets
- Diversity and inclusion
- Seeking regular feedback from our employees
- Promotion of VGP values
- Client well-being

A sustainable work environment is implemented as part of initiatives related to managing Scope 1 and Scope 2 footprint. Our German headquarters is currently running a pilot ergonomics policy. In the last year, the Group has improved its policy to allow cross-border learning and development opportunities. In order to encourage a healthy lifestyle, a “healthy snack”-program has been introduced in those office locations where available. The annual, company-wide ‘VGP Community Day’, allows our employees to volunteer to support a cause close to them or their team, or to work with a local charity that the VGP Foundation has recently funded.





VGP Foundation

The VGP Foundation was established in September 2019, on the belief that responsible entrepreneurship goes beyond the day-to-day activities.

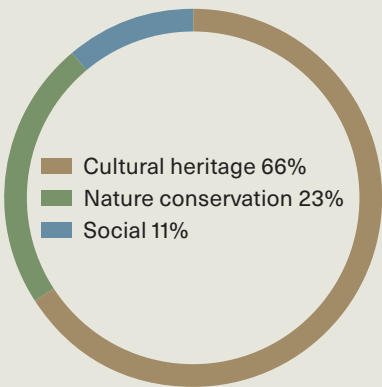
The foundation focuses on three main areas: supporting the education for children and young people in need, the preservation and creation of biospheres and nature conservation zones and the protection of European cultural assets and heritage sites. VGP has committed to donating a part of its profits each year to the VGP Foundation to ensure that it has sufficient financial resources to carry out its charitable causes.

The VGP Foundation received €3 million start-up capital from VGP in the year 2020 and € 4 million in 2021. For the year 2022 VGP has provisioned €5 million additional contribution. Additionally, VGP offers in-kind funding through the provision of expert volunteers, community volunteers, products, and services. It also provides office space, IT and travel support, and hosts the Foundation's website.

As of December 31, 2021 a total of 29 projects were approved with funds allocated to 26 projects so far. For further details please refer to the VGP Foundation Annual Report 2021 which is available at www.vgp-foundation.eu

Funding areas since inception

FOR THE YEAR ENDED 31 DECEMBER 2020
AND FOR THE YEAR ENDED 31 DECEMBER 2021 COMBINED



Case study: Example VGP Foundation project in Slovakia

For a vulnerable child, a BUDDY can make a difference

VGP Foundation was one of several main corporate supporters of PROVIDA BUDDY programme in 2021. PROVIDA and its main programme, BUDDY, were established in Slovakia to match dysfunctional young people in-need with caring adult volunteers who want to fulfil that supporting role. There presently are 100 such BUDDY pairs

The BUDDY programme's professional staff and volunteers find, screen, train, and support BUDDY volunteers. Only about 10–15% of applicants ultimately enrol in the programme. The organisation asks volunteers to make a long-term and regular commitment - typically, a BUDDY volunteer and BUDDY youth get together about once a week.

The contribution by the VGP Foundation helped to establish several new BUDDY relationships, as well as to finance research evaluating the programme's long-term impacts on children.



ESG

Risk Management

The Group's Risk Management framework is presented in the Group's annual report. ESG risks were analysed at Group level. This section presents a detailed analysis of the climate change risks and ESG risks for the Group.

In addition to addressing climate change risks, this section also covers climate change adaptation through the resilience of our assets to climate change: the Group targets for 100% of its development projects to include long-term climate change risk assessments while minimising resource use. This climate change risk assessment enables VGP to have a clear view on the future risks of climate change at the asset level. In addition, VGP performed its first CRREM study (Carbon Risk Real Estate Monitor) in 2021 to analyse stranding risks across the portfolio. The pilot study encompassed the entire portfolio, a deep dive into the existing assets in the German portfolio and into ways how the implementation can be improved as some of the asset definitions applicable are not yet available in the tool. Results are encouraging, as with the German portfolio less than 30% of assets (in gross floor area) are considered as stranded in 2030 and circa 50% in 2050 (using the market-based approach energy consumption). It must be noted that this is a purely theoretical approach that does not integrate any further reduction measures that are planned in the next 10 to 30 years and that is based on 2020 energy consumptions. Please find additional details in the CRREM Reporting section in the Additional Information chapter of this report.

Furthermore, and on a shorter time horizon, the Group complies

with regulatory requirements in each country regarding flooding risks, water management, and drainage systems for exceptionally heavy rainfall.

Regarding our development projects, specific requirements including the analysis of climate change physical risks, comfort and energy efficiency topics are already integrated in our sustainability framework (see Environmental Management System (EMS)).

VGP's due diligence process for acquisitions and greenfield/brownfield development projects covers the analysis of risks and opportunities related to financial and operational issues. For example, the process includes a complete audit of technical, regulatory, environmental and Health & Safety (H&S) performance. The potential financial impact of identified risks is taken into account during the due diligence phase. Issues covered include risks associated with climate change, soil pollution, protection of wetlands, asbestos, legionella and electromagnetic radiation.

Managing Environmental Risks: Environmental Management System

The Group’s environmental Management System (EMS), aims at reducing the environmental impact of our assets at every stage of their life cycle, from initial design to daily operation.



The Group has defined and monitors several indicators to manage the environmental performance of its standing assets and development projects, in line with the objectives of our ESG strategy. Some of these indicators are incorporated into the budget review processes for standing assets and development projects to ensure alignment between ESG objectives and business decisions. For more information on the Group’s Environmental Management System (EMS) please refer to the online policy document (<https://www.vgpparks.eu/en/investors/corporate-governance/>)

Business ethics

Bribery and corruption risk

The VGP Code of Conduct describes the key principles of conduct for the business environment, in which the Group operates, including the zero tolerance of bribery. The VGP anti-bribery and anti-corruption policy further details the principles as outlined in the VGP Code of Conduct and sets out the practices and VGP's firm commitment in fighting against and preventing corruption and bribery conduct.

	2021
Number of sanctions imposed by regulators in 2021 linked to corruption incidents	0
Percentage of employees trained on corruption prevention	c. 100%

Non-transparency in reporting of lobbying activities

As outlined in our Political Activity Policy, VGP has a principal policy of no political engagement and participating in political activities

	2021
Number of reported lobbying actions	0

Breach of personal data and cyber security

VGP has a Data Privacy Protection programme compliant with EU regulations. In addition, VGP has a data protection governance framework at corporate level in place to ensure internal alerts.

The main Management Information System and operating system which we use for email and file exchange is compliant with ISO 27001. We are currently in the roll-out of a new ERP, operating metrics, billing and payment system which is fully compliant to ISO 27001 and ISO 27018. We only use reputable service providers for network maintenance.

	2021
Percentage of employees trained on cyber security and data protection	100%



Health, safety security and well-being of people in our properties

The Environmental Management System (EMS) elaborates how Health and Safety risks are addressed in both development projects and standing assets portfolio.

The Group makes use of dedicated Health & Safety management frameworks at development projects, where the work site is always monitored by a Health & Safety Coordinator, supplemented with procedures that comply with local regulations. Contractual requirements for contractors are overseen by the construction management contractor to make the necessary provisions for site safety and comply with the relevant Health & Safety legislation.

Furthermore, maintenance and inspection is conducted for all relevant equipment subject to regulation and third-party audits of Health & Safety risks are conducted at asset level and associated action plans. Routine property tours are organized to identify hazardous conditions and implement corrective actions. The number of incidents (see section Occupational Health and Safety) is monitored as well as sanctions for non-compliance related to building health and safety.

As part of the response to the COVID-19 pandemic, strong sanitation and hygiene standards have been implemented at all of the Group's parks, building projects, and own offices.

Human Capital

Non-engagement of employees

The turnover rate of employees may increase as employees are not engaged on VGP's ESG agenda in general and at their place of work specifically. In addition to employing strict policies on inclusion, diversity and human rights, the Group is implementing people-oriented policies designed to make VGP a great place to work, including in order to promote work-life balance. A sustainable work environment is implemented as part of initiatives related to managing scope 1 and scope 2 carbon footprint, as well as a pilot ergonomics policy in the main office in Germany. Throughout the last year, the Group has improved its policy to allow cross-border learning and development opportunities. To encourage a healthy life style, the "healthy snack"-program has been introduced in those office locations where available.

Participation in the Group's local volunteering program's is encouraged (see also "VGP Community Day") as well as participation in the annual employee satisfaction survey.

Lack of attractiveness for employees

A lack of attractiveness for employees or a loss of key competencies for the execution of the Group's strategy is addressed through the Group's recruitment, retention and succession planning included in formalised HR policies relating to recruitment, compensation and benefits, talent review and learning and development. The Group's Diversity and Inclusion policy is a commitment to improvement of employee engagement on diversity and inclusion. The development of the international group culture is further supported by a matrix reporting structure with strong international ties across local organizations, cross-border cooperation and mobility.

The Group has a strong partnership with reputable head-hunting firms to map and target best external talent. The Group is working on a setting up a new graduate recruitment program with a pilot program being setup in 2022 in Romania.

Lack of profile diversity

A lack of profile diversity could result in the Group becoming less innovative, though the board of the Group – with 60% female members – sends a strong signal throughout the organization. The diversity and inclusion policy sets the commitment to and improve employee engagement on diversity and inclusion, the awareness throughout the organization is to continue to be encouraged further. The Group Code of Conduct and whistleblowing procedure are in-line with zero tolerance principle for discrimination or harassment.

Identifying and managing human rights risks

VGP supports fundamental principles of human rights across all our lines of business and in each country in which we operate. As outlined in our Human Rights Statement as included in our Code of Conduct, our approach to protecting and preserving human rights is guided by the United Nations Universal Declaration of Human Rights. We also acknowledge the Guiding Principles on Business and Human Rights as the recognized framework for corporations to respect human rights in their own operations and through their business relationships. We have a range of policies, procedures and trainings that pertain to human rights issues, including modern slavery, across our business and supply chain. Please see our Group Code of Conduct for more detail.





VGP Park Leipzig –
nature compensation
area



Local municipal acceptability

With regards to new developments public consultations are held for all development projects. By building long-term partnerships with local stakeholders (residents, public authorities and associations) an enhancement of the socio-economic impact of the Group’s assets can be accomplished, by supporting business creation (e.g. provision of land plots) for specific locally anchored tenancies, often focused on creating employment in manufacturing and technical jobs and which support local taxes and social contributions paid. The increasing emphasis on brownfield developments also leads towards more environmentally friendly and visually attractive sites that often benefit the broader community as well.

Anchored in the local areas where it operates, each of the Group’s existing parks has built a network of local partnerships, working closely together to identify and tackle issues which are crucial for the local population and businesses. By building these strong and long-term relationships with local stakeholders, the Group can coordinate common answers, use its technical competence to connect people, commerce and the build environment.

Environmental pollution

Water, soil and air pollution linked with development projects

Brownfield projects may contact contaminated soil for which soil decontamination during works on development is required. In order to minimize pollution for the contractors working on-site, the neighbouring area, and the natural environment, the Group's Considerate Construction Charter is applicable to all new development projects. Furthermore, inspections are regularly conducted, as well as continuous maintenance and improvement of existing buildings and technical equipment liable, to have an impact on the environment or on personal safety (including air and water quality, soil and air pollution). For development projects, third-party audits of Health, Safety and Environmental risks are conducted in order to monitor and update the associated action plans as required.

Not identifying existing pollution in acquired development projects

To avoid pollution risks a due diligence process is conducted which includes environmental risks and soil pollution analysis. If identified as a risk, soil decontamination activities are budgeted (so expenses can be taken into account pre-acquisition) and executed.



Demolition works at brownfield
VGP Park Wiesloch-Walldorf with
recyclable materials and soil being
sorted and separated

Responsible Supply chain

Controversies linked with service providers, suppliers or subcontractors

VGP screens its business partners in order to minimize the risk that the Group contracts with service providers, suppliers or subcontractors not complying with regulations or standards of their profession (e.g. fundamental human and labour rights) or having a negative ESG image/performance. Business partners are subject to the Group Code of Conduct and the inhouse whistleblowing procedure has been made accessible to all contractors. The Group's purchasing conditions, and standard contracts include environmental and social terms, such as complying with the ILO conventions and local labour laws in Europe.

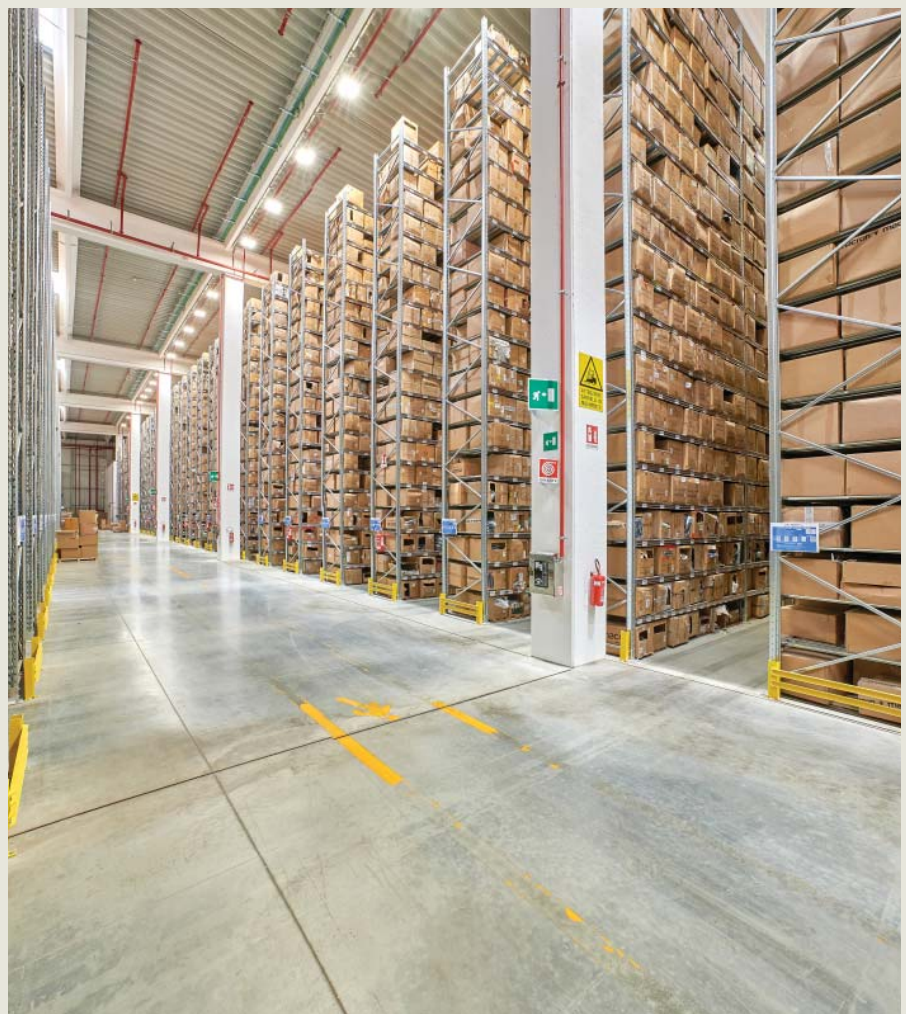
The Group's Considerate Construction Charter is applicable for all development projects describing the Group's requirements and recommendations to optimize the environmental quality of worksites.

With regards to the development of projects, compliance of providers to professional standards is ensured through the tender process, the contract documents, and the monitoring of compliance by the operations supervisor, with sanctions in case of non-compliance according to severity (formal notice, penalties, dismissal).

The Group has a policy to use timber from certified, sustainably managed forests with FSC or PEFC certification in development projects. Furthermore, several pilot projects are underway to plan additional circular building materials concepts.

Controversies linked with tenant activity

VGP screens its tenants in order to minimize the risk that the Group leases premises to a corporation active in a controversial industry (for example arms production) or not complying with regulations or standards of their profession (e.g. fundamental human and labour rights). The group is also pro-actively reaching out to tenants to support transition towards renewable energy consumption as part of green lease concept and as such the Group monitors the percentage of green leases signed among new and active leases.



Energy and greenhouse gases

Price volatility and limited availability of fossil fuels

Energy efficiency targets and energy management action plans are increasingly being rolled out in standing assets, involving energy consumption optimisation actions as well as investments in energy efficient equipment in new construction projects. The Environmental Management System of the Group supports the objective to improve environmental performance of all standing and development assets of the Group. This is also supported by a shift towards sourcing electricity from renewable energy sources for all assets, driven by the development of on-site renewable energy production capacity. For several development projects a life-cycle assessment is being conducted which will help the Group to identify opportunities to reduce the amount of materials used and their carbon footprint. This assessment will also provide lessons learned for the entire Group portfolio. The Group is actively engaging with stakeholders to improve energy efficiency and source renewable energy, including tenants and suppliers (e.g. Green leases, PPA contracts, and energy performance contracts with maintenance providers).

A new main performance indicator has been introduced to monitor the energy intensity per square meter of use (kWh/sqm), as well as the carbon intensity linked with energy consumption of standing assets (Scope 3 "in use"). Please find more in the section on Sustainable Properties in the Commitments chapter.



Increased regulation on building energy efficiency

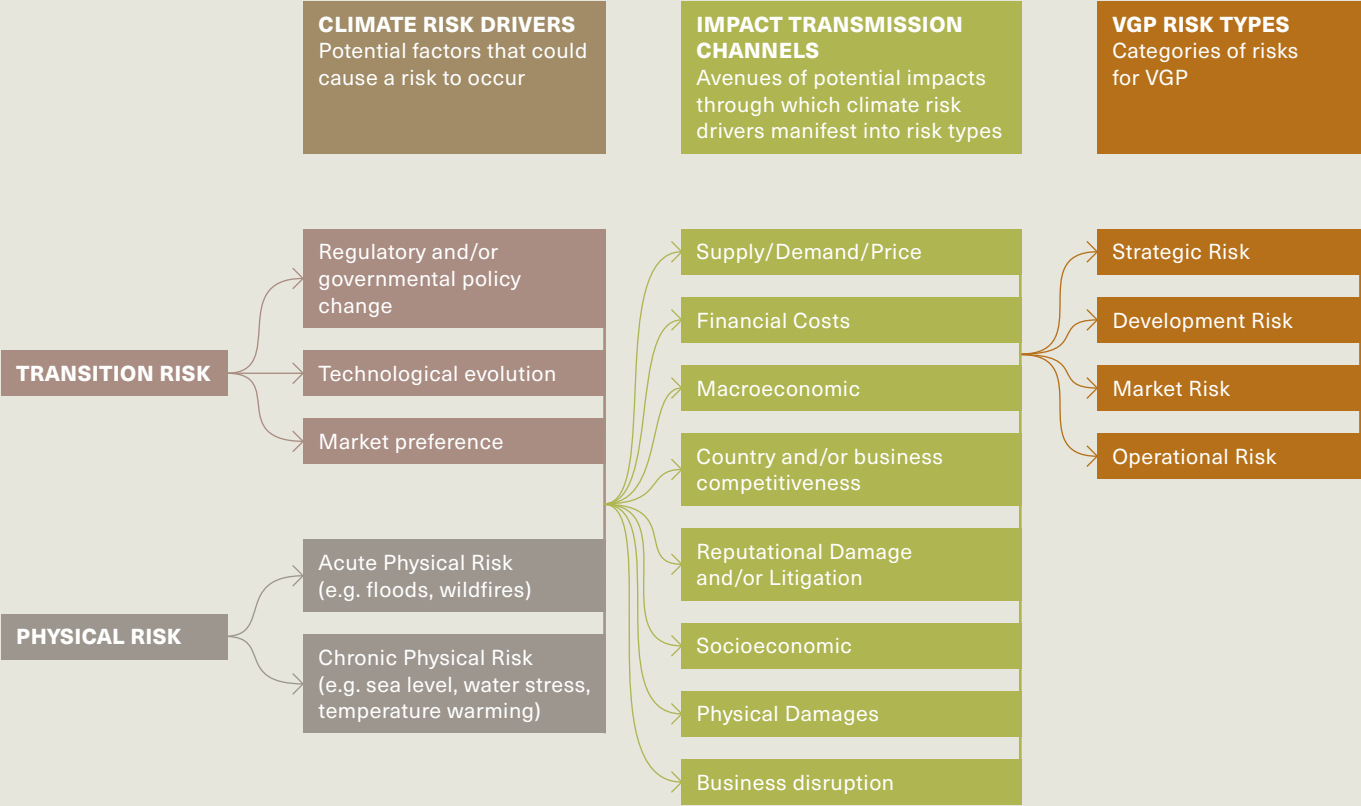
The Group has invested in energy efficiency measures in the majority of the standing portfolio and makes such investments standardized in development projects. Energy management action plans are being rolled out in all standing assets, involving energy optimisation actions as well as investments in renewable energy production. The Group's Environmental management system aims to improve the environmental performance of assets and the Group engages with stakeholders to improve energy efficiency, including with tenants and service providers (e.g. green leases, and energy performance contracts with maintenance providers).

Identifying, Assessing and Managing Climate-related risks and opportunities

Climate change is among the most critical challenges facing society today. VGP is committed to understanding how climate change may drive or influence the risks we identify and manage.

As illustrated in the chart below, we have developed an internal classification system that describes how climate-related risks can translate into potential impacts for our clients, the communities in which we operate and the Group itself — such as changes in supply or demand, financial costs and/or business disruptions, among others — and how those impacts could manifest as risks to our Group. We also assess these impacts against considerations such as time horizon, industry segment and geography as a means of better understanding how these risks emerge within our Group. This classification framework informs our risk identification process, which will continue to evolve as we deepen our understanding of how climate-related drivers could manifest as risks to the Group.

Climate risk





Azure Stonecrop (*Sedum caeruleum* L.) growing on green roof at VGP Park Berlin

Transition risks cover a range of potential impacts that stem from how society responds to climate change. These include volatility in energy and carbon pricing and possible changes in energy and climate policy as well as regulation, which could lead to economic impacts or drive other changes, such as the restriction of certain land use for developments and the development of low-carbon technologies. Transition risks

also include shifts in consumer preferences toward low-carbon goods and services, and clients’ shift towards a need for zero carbon emissions production and logistics facilities. All of these risks could impact our clients. Transition risks could also be further accelerated by changes in the physical climate. Physical risks include both acute weather events and chronic shifts in the climate, such as altered

distribution and intensity of rainfall, prolonged droughts or flooding, increased frequency of wildfires, rising sea levels or extreme heat. These physical risks could have an impact on the Group’s own operations and our clients’ operations (e.g., interruptions to business operations or supply chains). The physical effects of climate change are likely to increase in frequency and severity over time.

In the absence of significant global action to curtail the effects of climate change, risk drivers such as extreme heat, sea level rise and increased frequency of extreme weather events are expected to impact and exacerbate existing risks to infrastructure, ecosystems and social systems. Transition and physical climate-related risks could also lead to financial impacts such as interruptions to supply chains, declines in asset values or significant shifts in demand for certain products or services.

As noted above, the key drivers of transition risk and physical risk can manifest themselves in a variety of ways. The table below provides selected examples of different types of climate-related transition and physical risks and how they could materialize across the four major risk types we manage: strategic risk, development risk, market risk and operational risk.

	TRANSITION RISK	PHYSICAL RISK
STRATEGIC RISK Risk to earnings, liquidity, reputation associated with poorly designed or failed business plans or inadequate response to change in the operating environment	Stakeholder perceptions of business (e.g. clients, communities, partners) of inadequate response could result in reputational impacts	Parks in areas susceptible to climate-related events face valuation risk, inability to obtain appropriate insurance for property and ultimately business continuity risk
DEVELOPMENT RISK Risks associated with the development activities, risks with the default of a supplier, health and safety related risks amplified by climate change	Shift in client preference for more sustainable building practices, requirements (for example smart and sub-meterings) and certification levels	Temporary disruption in development activities leads to delayed deliveries and loss in profitability
MARKET RISK Risks associated with the effect of changes in market factors, such as appraisal value market yields, renewable energy and carbon-offset prices	Changes in demand for renewable energy and carbon offsets leads to price volatility and with respect to property valuations, forward-looking climate risk analysis and assessment increasingly impacting asset values	Certain events can lead to a long-lasting decline in property prices in geographies that have heretofore been relatively unexposed to extreme weather or climate events, or where intensity and frequency have appreciably increased.
OPERATIONAL RISK Risk associated with an adverse outcome resulting from inadequate or failed internal processes or systems; human factors; or external events impacting the Group’s processes or systems.	New legislation and/or regulatory requirements lead to significant changes in operational processes and costs	Extreme weather causes direct damage to existing buildings and or infrastructure

Climate Scenario Analysis

Scenario analysis is a useful tool for understanding risks across a variety of economic, market and other conditions. Scenarios can be designed to monitor a wide range of stress events to give our management insight into the drivers behind risk factors or potential losses. An effective scenario analysis framework creates transparency into the scale and source of hypothetical losses, in order to make business decisions and compare risk appetite with business opportunities. The Group uses a set of scenarios that are relevant to our development and portfolio management business, risk positions, funding and capital management practices. They represent a wide range of severities as well as both broad drivers (e.g., general economic downturn) and specific events (e.g., acute weather events or a credit squeeze).

Leveraging scenario analysis to better understand climate-related risks is a relatively new and rapidly evolving area. We are continuing to consider comprehensive climate-based scenarios as we build our knowledge of climate-related drivers, impacts and potential losses, and we plan to evolve our approach to climate scenario analysis over time, especially as data availability and modelling techniques progress.

We recognize our business is exposed to both transition and physical climate risks, and we are working to understand how climate-driven impacts may emerge. The financial impacts of climate-related risks can differ across clients and geographies due to numerous factors including but not limited to:

- A client's strategy for developing low-carbon transition plans
- Time horizon associated with the transition and physical risks
- Impacts on the specific markets where clients have business activity
- Susceptibility to price fluctuations of construction materials (e.g., steel, concrete, FSC certified wood)
- Geographical concentrations of operations
- Availability of low-carbon technologies
- Changes in European policies

Transition risks

Over the past year we have further improved our building standard to ensure all current and anticipated climate change requirements are embedded in the design. At the same time, we are conducting pilot projects aiming for CO₂-neutrality (under DGNB certification). Furthermore, we are conducting a consultancy study into building circular materials. The results of these studies will allow us to implement and improve best practices within our Group-wide building standard.

The roll-out of the renewable energy availability across our existing portfolio and the offer to our tenants to switch to renewable energy will answer to the anticipated changing demand for green energy. Our renewable energy roll-out over the coming years should allow the reduction of our gross Scope 3 in-use emissions. More details on the renewable energy roll-out can be found in the section on Sustainable Properties.

It will be important for the Group to continue to showcase improvement and demonstrate environmental qualities of assets (environmental certification, carbon footprint, etc) and maintain or improve our ESG ratings in order to maintain access to green financing.

Physical risks

Over the past year, we have analysed exposures to physical climate risks in pilot studies and also are taking the effects into account with regards to new land purchases. For example, in all of our land purchasing studies we typically include 100-year probability heavy rainfall models. Also we have started to analyse the effects of sea-level rise on our portfolio. With regards to sea level rises our work to this point has used IPCC scenarios of projected areas that will be impacted by sea-level rise¹ up to 0.6 m above current levels, to assess property level impacts and inform our approach to understanding potential losses if rising sea levels were deemed imminent and were accelerating.

Mapping Our Path to Integrated Climate Risk Management

VGP is on a journey to further integrate climate risk into our existing firmwide risk management framework. We have identified the following deliverables that will be used to define success:

- Enhance climate risk capabilities to include climate risk identification and scenario analysis
- Incorporate data and analytics to assess, monitor and measure climate risk
- Adapt existing risk management frameworks to incorporate climate-based transition and physical risks where appropriate
- Include, where relevant, climate risk into our policies and standards to provide effective governance
- Evaluate representative stress scenarios across transition and physical risk to add to the Group's established scenarios

¹ Under the IPCC Special Report on Emission Scenarios (SRES) A1B scenario by the mid-2090s, for instance, global sea level reaches 0.22 to 0.44 m above 1990 levels, and is rising at about 4 mm yr. As in the past, sea level change in the future will not be geographically uniform, with regional sea level change varying within about ±0.15 m of the mean in a typical model project



Governance

Lack of resources or ownership for managing ESG risks

The Group ESG agenda has been defined and overviewed at the highest governance levels: Group CEO, Management Team, and the Board.

The Group has integrated the ESG agenda into the core business processes both for standing assets as well as development projects: due diligence process, environmental management system for both development projects and existing assets, ESG information integrated in asset budget reviews, ESG objectives set for all country teams in the assessment process of individual performance and ESG training module rolled-out to all employees.

The Group is aligning initiatives, action plans and targets with the ESG program in all countries and departments (sales, development/technical, etc.), with a dedicated ESG team responsible for overseeing and supporting the implementation of the Group ESG strategy with a specific governance involving top management and operational managers in all country teams.

Green financing of the Group activities

Green bond issuance

The VGP Green finance framework was introduced in 2019 as part of our strategy to diversify financing sources. The Group has decided to develop a Green Bond framework to finance new development projects, and/or standing assets which meet the environmental criteria for the construction and operational phases as defined in the “Use of Proceeds” procedure, and specified hereafter. Green Bonds are only used to finance resilient eligible assets, in line with a clear procedure for allocating funds.

VGP issued its first Green Bond on the Euro market in March 2021. In January 2022, the Group issued its second Green Bond (split into two tranches) on the Euro market. These issuances are testament to the success of the Group’s integral focus on ESG as part of the organization, investments, and financing. In total, the two issuances raised €1.60 billion.

Eligible Assets

The ESG criteria associated with the Green Bonds were approved by CICERO. They are (i) aligned with the “Green Bond Principles” (GBP) updated in March 2015 and (ii) fit in with the Group’s ESG strategy. Proceeds from Green Bonds issued under this framework will be used exclusively to finance and/or refinance, in whole or in part, “Eligible Assets”, described in the Green Finance Framework. Proceeds can be allocated to refinance existing projects as well as finance new developments.

Eligible projects include:

- renewable energy projects (i.e., onshore and offshore renewable energy facilities, including primarily solar and wind projects, but also hydrogen and geothermal energy projects)
- Category of green buildings (i.e., real estate assets with BREAAAM “Very Good” certification or equivalent DGNB/LEED rating)
- Other eligible project categories include energy efficiency (i.e., for existing or new (logistics) buildings, warehouses and technologies-related services and products), waste management (i.e., projects, investments and expenditures which promote better recycling rates), clean transportation (i.e., electric vehicle charging stations, bike facilities), and sustainable water management (i.e., reduce freshwater consumption, capturing and recycling rainwater, green roofing)

Additional criteria and indicators to be monitored for eligible assets – including EU Taxonomy and CREM, also referring to the section on EU Taxonomy and CREM respectively in the Additional Information Chapter – are published on the Investor Relations’ website under the following link:
<https://www.vgpparks.eu/en/investors/financial-debt/>

Current Allocation of Green Bond Proceeds

In line with the Group's internal Green Bond analysis, selection and monitoring procedure, the funds generated by Green Bonds issuances are allocated to the selected assets based on a previously defined list of "eligible assets". The criteria are presented above and explained in detail in the Green Finance Framework as available on the Group website.

In the case of an asset disposal (both in full or partially) to one of the Group's Joint Ventures during the funding period (i.e. prior to the bond issue maturity), the proceeds initially allocated to the disposed asset shall be reallocated to another "eligible asset" held by the Group, based on the same process. In case of a full disposal the equivalent asset base shall be reallocated and in case of a disposal to one of the Joint Ventures the remaining equity interest shall be reflected in the pro-rata asset allocation.

The allocation of the proceeds from the outstanding Green Bonds is illustrated below:

	GREEN BOND – APRIL 2029		GREEN BOND – JAN 2027		GREEN BOND – JAN 2030	
USE OF CATEGORIES	NET BOND PROCEEDS ALLOCATION (€)	% OF TOTAL NET BOND PROCEEDS	NET BOND PROCEEDS ALLOCATION (€)	% OF TOTAL NET BOND PROCEEDS	NET BOND PROCEEDS ALLOCATION (€)	% OF TOTAL NET BOND PROCEEDS
Renewable Energy	24,420,753	4.1	—	0.0%	—	0.0
Green buildings	572,552,336	95.4	282,134,217	56.4%	290,714,049	58.1
Energy Efficiency	—	0.0	—	0.0%	—	0.0
Waste Management	—	0.0	—	0.0%	—	0.0
Clean Transportation	—	0.0	—	0.0%	—	0.0
Sustainable Water Management	3,746,700	0.6	—	0.0%	—	0.0
(over)/ unallocated	(719,789)	– 0.1	217,865,783	43.6%	209,285,951	41.9
Total gross proceeds	600,000,000	100.0	500,000,000	100.0%	500,000,000	100.0

The allocation of the proceeds for Green buildings split between CAPEX financing and refinancing:

TYPE OF FINANCING	GRAND TOTAL (€)	%
CAPEX financing	656,853,160	56
Refinancing	516,714,894	44
Total	1,173,568,054	100

Green Bond – April 2029

Green buildings allocation by certification type €

COUNTRY	BREEAM EXCELLENT	BREEAM VERY GOOD	DGNB GOLD	DGNB SILVER	LEED SILVER	GRAND TOTAL	%
Austria		—	11,165,410	9,872,193	—	21,037,603	2
Czech Republic		4,382,952	—	—	—	4,382,952	0
Germany		—	96,845,417	235,027,061	—	331,872,478	29
Hungary		39,569,136	—	—	—	39,569,136	3
Italy	10,259,626	31,787,666	—	—	—	42,047,292	4
Latvia		2,293,462	—	—	—	2,293,462	0
Netherlands		—	—	—	—	—	0
Portugal		—	—	—	—	—	0
Romania		44,623,963	—	—	—	44,623,963	4
Serbia		—	—	—	—	—	0
Slovakia		57,662,488	—	—	—	57,662,488	5
Spain		29,062,961	—	—	—	29,062,961	3
Grand Total	10,259,626	209,382,629	108,010,827	244,899,254	—	572,552,336	
% of total	1	18	9	21	0		

RENEWABLE ENERGY SPECIFICATION (€ proceeds allocation)	
Netherlands	5,309,425
Italy	1,744
Germany	19,109,584
Total	24,420,753

SUSTAINABLE WATER MANAGEMENT (€ proceeds allocation)	
Netherlands	175,000
Germany	3,571,700
Total	3,746,700

Green Bond – Jan 2027

Green buildings allocation by certification type €

COUNTRY	BREEAM EXCELLENT	BREEAM VERY GOOD	DGNB GOLD	DGNB SILVER	LEED SILVER	GRAND TOTAL	%
Austria	—	—	—	—	—	—	0
Czech Republic	—	62,474,383	—	—	—	62,474,383	5
Germany	—	—	—	194,533,303	—	194,533,303	17
Hungary	—	—	—	—	—	—	0
Italy	—	—	—	—	—	—	0
Latvia	—	—	—	—	—	—	0
Netherlands	—	—	—	—	—	—	0
Portugal	—	14,350,305	—	—	—	14,350,305	1
Romania	—	—	—	—	—	—	0
Serbia	—	—	—	—	—	—	0
Slovakia	—	—	—	—	—	—	0
Spain	—	10,776,224	—	—	—	10,776,224	1
Grand Total	—	87,600,913	—	194,533,303	—	282,134,217	
% of total	0	8	0	17	0		

Green Bond – Jan 2030

Green buildings allocation by certification type €

COUNTRY	BREEAM EXCELLENT	BREEAM VERY GOOD	DGNB GOLD	DGNB SILVER	LEED SILVER	GRAND TOTAL	%
Austria	—	—	—	—	—	—	0
Czech Republic	—	5,751,291	—	—	7,048,214	12,799,505	1
Germany	—	—	—	78,270,995	—	78,270,995	7
Hungary	—	—	—	—	—	—	0
Italy	—	9,566,403	—	—	—	9,566,403	1
Latvia	—	—	—	—	—	—	0
Netherlands	—	100,437,160	—	—	—	101,839,379	9
Portugal	—	—	—	—	—	—	0
Romania	—	—	—	—	—	—	0
Serbia	—	—	—	—	—	—	0
Slovakia	—	—	—	—	—	—	0
Spain	—	89,639,987	—	—	—	89,639,987	8
Grand Total	—	205,394,840	—	78,270,995	—	290,714,049	
% of total	0	18	0	7	1		

Audited criteria

VGP engaged an independent auditor to verify that the assets financed meet the eligibility criteria. The reporting on these criteria and the independent auditor's attestation on the information related to the allocation of funds are presented in the following section.

Criteria of the use of proceeds reporting



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.

List of all eligible photovoltaic investment projects and allocation per green bond (only eligible photovoltaic projects have been included):

PARK	BUILDING	PV PRODUCTION (KWP)		BOND ALLOCATION		
		OPERATIONAL	UNDER CONSTRUCTION	Apr.-29	Jan.-27	Jan.-30
VGP Park Nijmegen	NLDNIJ – Linie 11	2,279		x		
	NLDNIJ – Linie 13	1,518		x		
	NLDNIJ – Rietgraaf 2a	1,012		x		
	NLDNIJ – B1/B2		3,082	x		
	NLDNIJ – B3/B4		5,940	x		
	NLDNIJ – C1/2		3,779	x		
VGP Park Roosendaal	NLDROO1 – A	3,899		x		
VGP Park München	GERMUE – A1	748		x		
	GERMUE – A2/A3		1,696	x		
	GERMUE – B		3,789	x		
	GERMUE – C		3,031	x		
	GERMUE – E		1,894	x		
	GERMUE – F		109	x		
	GERMUE – PHS		311	x		
VGP Park Göttingen	GERGOE – A	750		x		
	GERGOE – A	747		x		
	GERGOE2 – C		3,870	x		
	GERGOE2 – C		497	x		
	GERGOE2 – C		2,244	x		
VGP Park Wustermark	GERWUS – A1		745	x		
VGP Park Berlin	GERBER – A		745	x		
	GERBER2 – B		746	x		
	GERBER2 – C		750	x		
VGP Park Giessen-Buseck	GERBUS – A	749		x		
VGP Park Lützellinden	GERLUE – A	748		x		
VGP Park Chemnitz	GERCHE – A		746	x		
VGP Park Magdeburg	GERMAG – A (ph I)	750		x		
	GERMAG – A (ph II)		1,798	x		
	GERMAG – B		2,244	x		
VGP Park Erfurt	GERERF – A	750		x		
VGP Park Hamburg	GERHAM – A1		748	x		
	GERHAM – A2		750	x		
	GERHAM2 – B2		750	x		
	GERHAM3 – C		750			



PARK	BUILDING	PV PRODUCTION (KWP)		BOND ALLOCATION		
		OPERATIONAL	UNDER CONSTRUCTION	Apr.-29	Jan.-27	Jan.-30
VGP Park Rodgau	GERROD – C	746		×		
VGP Park Borna	GERBOR-A	748		×		
VGP Park Ginsheim	GERGIN – A	748		×		
VGP Park Schwalbach	GERSCH – A	645		×		
VGP Park Soltau	GER SOL – A	749		×		
VGP Park Berlin Oberkrämer	GEROBK – A		299	×		
VGP Park Höchstadt	GERHOE – A	748		×		

The eligible photovoltaic investments have generated green energy in 2021 for in total 8,216 MWh, equivalent to 3,020 TCO₂e. For calculating the equivalent CO₂ emissions the average grid factor of the VGP Parks portfolio of 0.368 tCO₂ / MWh has been used:

RENEWABLE ELECTRICITY (MWh)	FY 2021
Total green energy generation	8,216
CO ₂ reduction (TCO ₂ e)	3,020



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 Silver/LEED Silver rating)

In total 80 eligible building projects have been identified and allocated to the three outstanding green bonds according to the following split between the bonds, highlighting the certification level as well as status of the certification process (see table below). Due to employed certification pre-checks and uniform VGP building standard being employed for all construction projects across Europe a very high degree of confidence can be expressed for expected realisation of the targeted certification level in case this is not yet completed. In case of project would not achieve the required certification level it will be removed from the eligible green buildings investments portfolio.

NAME	RENTABLE SPACE – TOTAL (in m ²)	CERTIFICATION LEVEL	CERTIFICATION STATUS	BOND ALLOCATION		
				Apr.-29	Jan.-27	Jan.-30
AUTGRA2 – B	7,822	DGNB – Silver	ongoing	x		
AUTGRA2 – C	14,520	DGNB – Gold	initialising	x		
CZECEB – C	9,409	BREEAM – Very Good	ongoing		x	
CZEHNN – H1	40,361	Leed Silver	realized			x
CZEHNN2 – H6	29,566	BREEAM – Very Good	initialising		x	
CZEKLA – A	15,805	BREEAM – Very Good	initialising			x
CZEKLA – B	11,250	BREEAM – Very Good	initialising	x		
CZEOL05 – F	65,966	BREEAM – Very Good	initialising		x	
CZEPIL – E	5,775	BREEAM – Very Good	ongoing		x	
CZEPRO – A	15,199	BREEAM – Very Good	ongoing		x	
CZEPRO – B	26,850	BREEAM – Very Good	ongoing		x	
CZEVYS – A	28,199	BREEAM – Very Good	pre-checked		x	
ESPDOH – B	26,630	BREEAM – Very Good	pre-checked			x
ESPFUE – A	41,745	BREEAM – Very Good	pre-checked			x
ESPGRA – A	8,323	BREEAM – Very Good	pre-checked		x	
ESPLLI – A	13,639	BREEAM – Very Good	ongoing		x	
ESPLLI – D	7,204	BREEAM – Very Good	ongoing			x
ESPLLI – E	22,193	BREEAM – Very Good	ongoing	x		
ESPSFH – C1	8,251	BREEAM – Very Good	realized			x
ESPSFH – C2	5,165	BREEAM – Very Good	realized	x		
ESPSFH – D1	11,453	BREEAM – Very Good	ongoing			x
ESPVAL – A	13,944	BREEAM – Very Good	ongoing			x
ESPVAL – B	25,547	BREEAM – Very Good	ongoing			x
ESPZAR – A	18,073	BREEAM – Very Good	realized			x
ESPZAR – B	20,736	BREEAM – Very Good	ongoing	x		
ESPZAR – C1	22,556	BREEAM – Very Good	pre-checked	x		
ESPZAR – C2	13,615	BREEAM – Very Good	pre-checked			x
GERBER4 – M	17,327	DGNB – Silver	ongoing	x		
GERERF – A	26,562	DGNB – Silver	partially realized	x		
GERGAF – A	153,272	DGNB – Gold	ongoing	x		
GERGAF – B	49,626	DGNB – Silver	ongoing			x
GERGOE2 – C	79,900	DGNB – Silver	realized		x	
GERHAL – B	26,846	DGNB – Silver	ongoing		x	
GERHAL – C	37,841	DGNB – Silver	ongoing		x	
GERLAA – A+B	54,728	DGNB – Silver	ongoing		x	

NAME	RENTABLE SPACE – TOTAL (in m²)	CERTIFICATION LEVEL	CERTIFICATION STATUS	BOND ALLOCATION		
				Apr.-29	Jan.-27	Jan.-30
GERLAA – C	50,769	DGNB – Silver	realized			×
GERLAA – D	8,518	DGNB – Silver	realized			×
GERLEI – C1	2,397	DGNB – Silver	ongoing		×	
GERLFH – A	21,411	DGNB – Silver	ongoing		×	
GERLUE – A	14,156	DGNB – Gold	realized	×		
GERMAG – A	40,037	DGNB – Silver	ongoing	×		
GERMAG – B	64,768	DGNB – Silver	ongoing	×		
GERMAG – C1	43,202	DGNB – Silver	ongoing	×		
GERMAG – F	56,974	DGNB – Gold	realized	×		
GERMUE – A.2	19,248	DGNB – Gold	realized	×		
GERMUE – B	81,548	DGNB – Silver	ongoing	×		
GERMUE – C	48,470	DGNB – Silver	ongoing	×		
GERMUE – E	39,351	DGNB – Silver	ongoing	×		
GERMUE – F	7,486	DGNB – Silver	ongoing	×		
GEROBK – A	13,759	DGNB – Silver	realized	×		
GEROBK – B	13,986	DGNB – Silver	ongoing	×		
GEROBK – C	22,753	DGNB – Silver	ongoing	×		
GERROS – A	23,335	DGNB – Silver	ongoing			×
GER SOL – A	55,812	DGNB – Silver	realized	×		
GERWUS – A1	10,997	DGNB – Silver	realized	×		
HUNBUD – B.1	62,669	BREEAM – Very Good	initialising	×		
HUNGYO2 – B	13,162	BREEAM – Very Good	pre-checked	×		
HUNKEC – A	16,942	BREEAM – Very Good	pre-checked	×		
ITACAL – A	23,689	BREEAM – Very Good	realized	×		
ITAPAD – A	15,301	BREEAM – Very Good	pre-checked	×		
ITAPAD – B	7,246	BREEAM – Very Good	pre-checked	×		
ITASOR – A	12,034	BREEAM – Very Good	pre-checked			×
ITaval – A + B	6,677	BREEAM – Excellent	realized	×		
LVATIR – A	28,816	BREEAM – Very Good	pre-checked	×		
NLDNIJ – A	67,352	BREEAM – Very Good	realized			×
NLDNIJ – E (Plot V)	19,200	BREEAM – Very Good	initialising			×
NLDNIJ2 – B1B2	42,835	BREEAM – Very Good	ongoing			×
NLDNIJ2 – B3B4	60,062	BREEAM – Very Good	ongoing			×
NLDNIJ2 – C	37,384	BREEAM – Very Good	ongoing			×
NLDROO1 – A	41,958	BREEAM – Very Good	pre-checked			×
PRTSMF – A	29,813	BREEAM – Very Good	ongoing		×	
ROMARA – A	28,810	BREEAM – Very Good	pre-checked	×		
ROMBRA – A	27,726	BREEAM – Very Good	ongoing	×		
ROMBRA – E	9,989	BREEAM – Very Good	ongoing	×		
ROMBUC – C	28,508	BREEAM – Very Good	pre-checked	×		
ROMTIM D	31,399	BREEAM – Very Good	ongoing	×		
SVKBRA – A	43,336	BREEAM – Very Good	pre-checked	×		
SVKBRA – F	57,329	BREEAM – Very Good	ongoing	×		
SVKBRA – G	23,748	BREEAM – Very Good	initialising	×		
SVKBRA – H	18,576	BREEAM – Very Good	ongoing	×		



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.).

Selected eligible projects:

SUSTAINABLE WATER MANAGEMENT				
VGP PARK	PROJECT	GREEN BOND APRIL 2029	GREEN BOND JAN 2027	GREEN BOND JAN 2030
VGP Park München	Infiltration basin south incl. plants/vegetation	×		
VGP Park Göttingen	Rainwater channels with rainwater retention basin	×		
VGP Park Giessen-Buseck	Use of rainwater for toilet facilities (cistern, piping, separation systems, technology) and Infiltration of rainwater in the rainwater retention basin	×		
VGP Park Magdeburg	Rainwater channels with large rainwater retention basin combined and connected (through transport trenches) with several smaller basins with overflow and throttling system	×		
VGP Park Roosendaal	Infiltration crates, installation built under building for water overflow and retention (independent of public sewerage)	×		
VGP Park Berlin	Entire green Roof for water retention and bio-diversity stimulation	×		



Independent Third Party's report on Green Bond criteria

March 28, 2022

CICERO Green has reviewed the elements of VGP's Corporate Responsibility Report 2021 ("Report") relating to its green financing activities. We review project allocation against the Green Finance Framework criteria and impact metrics for relevance and transparency.

CICERO Green considers VGP's Report to be aligned with VGP's Green Finance Framework, but notes a discrepancy with the allocation of proceeds anticipated by VGP. Specifically, we noted in our Second Opinion that VGP expects most proceeds to be allocated in a balanced way between renewable energy and green building investments. However, only a minor share (less than 5%) has so far been allocated to renewable energy projects. We encourage VGP to have a more balanced allocation towards Dark and Light Green projects going forward and welcome that VGP informed us that it anticipates that it will make substantially more renewable energy investments from its second bond in the course of 2022.

VGP provides transparent, quantitative information about the climate and environmental impacts of its green bond investments, using relevant indicators. For renewable energy projects, VGP reports on total installed capacity on a project level, as well as total energy generated and avoided CO₂ emissions on a portfolio basis. For green buildings, VGP reports the environmental certification obtained for each building. While investments in sustainable water management projects represent a very small share of VGP's green bond investments, it has not reported any impacts for this project category.

Project allocation

VGP has issued two green bonds under its Green Finance Framework, totaling EUR 1.60 billion. The first was issued in March 2021 and raised EUR 600 million, and the second was issued in January 2022 and raised EUR 1 billion in two EUR 500 million tranches. Use of proceeds are reported as of December 31, 2021.

CICERO Green finds no discrepancies with regards to the project allocation. See Table 1 for a detailed review.

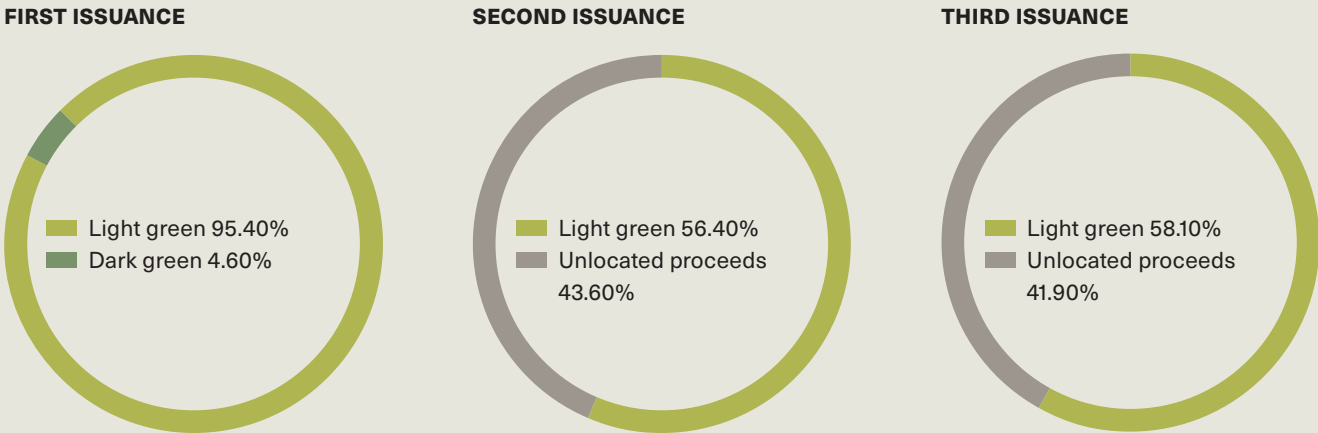
We assigned an overall shading of Medium Green to VGP's Green Finance Framework in our Second Opinion dated March 28, 2021¹. Project categories were shaded Dark Green (renewable energy, waste management, clean transportation, and sustainable water and wastewater management projects), Light to Medium Green (energy efficiency) and Light Green (green buildings). For the first issuance, most of the proceeds (approx. 95.4%) have been allocated to Light Green investments (green buildings), and a small share of the proceeds (approx. 4.7%) have been allocated to Dark Green investments (renewable energy and sustainable water management). All proceeds from the first issuance have been allocated. For the second issuance most of the proceeds (approx. 56.4% of the first tranche and approx. 58.1% of the second tranche) have been allocated to Light Green investments

(green buildings). The remaining (approx. 43.6% of the first tranche and approx. 41.9% of the second tranche) are unallocated proceeds. VGP informed us that unallocated proceeds only apply to the Bonds which were issued post the balance sheet date, and that it anticipates that it will have substantially more renewable energy investments in the course of 2022. These allocations align with VGP's expectation noted in our Second Opinion that most proceeds would be allocated to green buildings and renewable energy investments (see Figure 1).

We find a discrepancy in the allocation of proceeds where we noted in our Second Opinion that VGP expects most proceeds to be allocated in a balanced way between renewable energy projects and green buildings. However, only a minor share (less than 5%) has been allocated to renewable energy projects. To be a representative Medium Green framework, the issuer is encouraged to have a more balanced allocation towards Dark and Light Green projects (see Figure 1). VGP informed us that it anticipates that it will make substantially more renewable energy investments from its second bond in the course of 2022.

1 Second Opinion (cicero.oslo.no)

FIGURE 1
Allocation by SPO Shade of Green for the first issuance and the two tranches of the second issuance. Shading is based on evaluation at time of issuance and does not reflect ex-post project verification.



VGP’s Report satisfies the commitments in respect of allocation reporting contained in its Green Finance Framework. The Report, for example, sets out:

- The total outstanding amount of green finance instruments issued under the Green Finance Framework (EUR 1.60 billion);
- The allocation of the proceeds of issued green finance instruments by project category and linked to the individual bonds;
- The amount of unallocated proceeds (approx. 30%); and
- The geographic distribution of green building investments.

VGP reports allocation of the proceeds for all investments split between CAPEX financing (56%) and refinancing (44%).

VGP confirms in the Report that the selection process for allocations of proceeds from the green bonds was undertaken as described in its Green Finance Framework.

Impact metrics

VGP reports impacts as of December 31, 2021.

In respect of renewable energy projects, financed by green bond proceeds, VGP reports three metrics: i) total installed capacity for both operational projects and projects under construction in Kwp, ii) energy generated in MWh, and iii) avoided CO₂ emissions in tCO₂e. Installed capacity is reported on a project level, while energy generation and avoided emissions are reported on a portfolio basis.

VGP discloses the methodology used for calculating avoided CO₂ emissions from renewable energy projects using the average grid factor of the VGP Parks portfolio of 0.368 tCO₂/MWh generated. VGP uses the average grid factor of the 14 different European countries in which it operates. While annual reduced emissions represent a relevant metric, there is always uncertainty around emissions data and especially avoided emissions where there are less developed guidelines.

In respect of green buildings financed by green bond proceeds, VGP lists the environmental certification level linked to each green building investment. Reporting on environmental certificates is a fair way to report impact of green building investments, however given these schemes do not, for example, guarantee, guarantee low energy performance, they are best reported with other metrics such as energy performance.

VGP’s Green Finance Framework contains additional indicators it would endeavor to report on, subject to the availability of data, e.g., freshwater savings. VGP has not reported any impacts for its sustainable water management investments. It is a weakness that no such impacts have been reported, notwithstanding that these investments are a very small share of overall investments from the green bond proceeds. The inclusion of metrics commonly used for green bond reporting allows investors to better compare across issuances in the same sectors. Investors should, however, use caution when making these comparisons as methodologies, assumptions and baselines are typically not uniform.

VGP stated in its Green Finance Framework that it would pro-rate according to the ownership of a facility, which has occurred according to the issuer.

Alignment with principles for impact reporting

CICERO Green reviews the Report against the ICMA Handbook¹, Harmonized Framework for Impact Reporting and concludes that the Report follows its recommendations².

Terms

CICERO Shades of Green provides the elements of VGP's Corporate Responsibility Report 2021 relating to its green financing activities based on documentation provided by VGP and information gathered during teleconferences and e-mail correspondence with VGP. VGP is solely responsible for providing accurate information. All financial aspects of the sustainable finance reporting – including the financial performance of the bond and the value of any investments in the bond – are outside of our scope, as are general governance issues such as corruption and misuse of funds. CICERO Shades of Green does not validate nor certify the existence of the projects financed and does not validate nor certify the climate effects of the projects. Our objective has been to provide an assessment of the extent to which the bond has met the allocation and reporting criteria established in VGP's 2021 Green Finance Framework. The review is intended to inform VGP management, investors and other interested stakeholders and has been made based on the information provided to us. CICERO Shades of Green cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Our review does not follow verification or assurance standards and we can therefore not provide assurance that the information presented does not contain material discrepancies.

1 <https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Handbook-Harmonised-Framework-for-Impact-Reporting-June-2021-100621.pdf>
2 ICMA Handbook, Harmonized Framework for Impact Reporting

Detailed Review

Table 1

CRITERIA	DESCRIPTION	REVIEW AGAINST FRAMEWORK CRITERIA	IMPACT METRICS	RELEVANCE OF METRICS	TRANSPARENCY CONSIDERATIONS
Renewable Energy	<p>— 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.</p>	<p>DISCREPANCY IDENTIFIED</p> <p>— In our Second Opinion, we noted that VGP expects most proceeds to be allocated in a balanced way between renewable energy projects and green buildings. However, only a minor share (less than 5%) has been allocated to renewable energy projects.</p> <p>— The issuer confirmed that only solar PV projects have been financed.</p>	<p>— Annual production capacity (KWp)</p> <p>— Total green energy generated (MWh)</p> <p>— Avoided CO₂ emissions (tCO₂e).</p>	<p>✓ The metrics provide a fair indication of the environmental impact of the investment.</p> <p>✓ The metric is commonly used in green finance reporting and are core indicators in the ICMA Handbook.</p>	<p>✓ Energy generation and avoided emissions are reported on a portfolio basis, while production capacity is reported at a project-level.</p> <p>✓ VGP reports on capacity of both installed projects and those under construction. This is helpful and transparent information.</p> <p>✓ Methodology, including grid factor, is disclosed for calculating avoided emissions.</p>
Green Buildings	<p>— 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).</p>	<p>NO DISCREPANCIES IDENTIFIED</p> <p>— The largest share of proceeds has been allocated to this project category.</p> <p>— VGP has selected DGNB Silver, and LEED Silver as equivalent to BREEAM Very Good. The company bases the equivalence on a paper dated 2014³. Investors should note there is no consensus about the equivalence of different certification schemes.</p> <p>— The company confirmed that if any buildings fail to receive environmental certification as above mentioned, they will be removed from the green bond portfolio.</p> <p>— The company informed us that that no proceeds have been allocated to gas heating systems and that no oil-fired heating systems have been installed in any of its buildings included under the Green Framework.</p>	<p>— Environmental certification achieved or expected to be achieved.</p>	<p>✓ The metric indicates which buildings have attained what environmental certifications (or are expected to do so). However, given that environmental certifications do not guarantee e.g., a specific energy use, use of additional indicators such as energy use is encouraged.</p> <p>✓ Reporting on environmental certifications is common in green finance reporting and is a core indicator in the ICMA Handbook.</p>	<p>✓ VGP is reporting on the level of certification achieved on a project-by-project basis.</p> <p>✓ VGP could provide more transparency by reporting on other relevant metrics contained in the ICMA Handbook.</p>

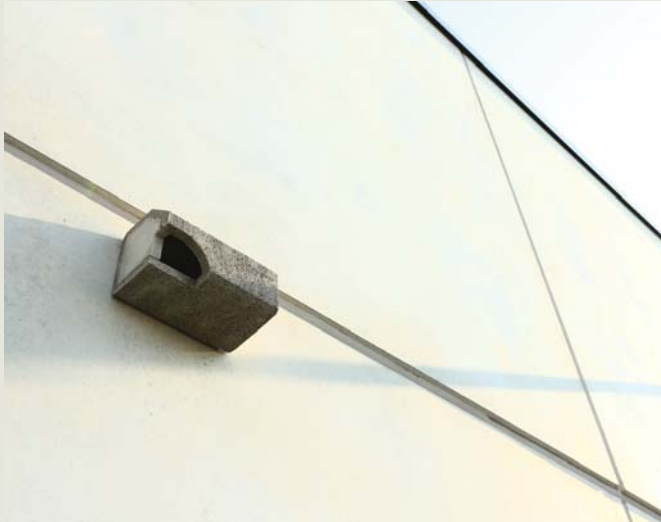
3 A comparison between BREEAM, LEED, and DGNB rating levels Source: DGNB... | Download Scientific Diagram (researchgate.net)

CRITERIA	DESCRIPTION	REVIEW AGAINST FRAMEWORK CRITERIA	IMPACT METRICS	RELEVANCE OF METRICS	TRANSPARENCY CONSIDERATIONS
Sustainable water and wastewater management	<ul style="list-style-type: none">— Reduction of freshwater consumption.— Capturing and recycling rainwater.— Green roofing.	NO DISCREPANCIES IDENTIFIED <ul style="list-style-type: none">— A minor share has been allocated to this project category.— The Report mentions different projects financed in this project category, including: the construction of infiltration basins including plants/vegetation; the construction of rainwater channels with rainwater retention basin; the utilization of rainwater for toilet facilities; the creation of rainwater channels with large rainwater retention basins; the installation of infiltration crates; and the development of green roofs for water retention.	<ul style="list-style-type: none">— N/A – no impacts reported.	<ul style="list-style-type: none">✓ N/A – no impacts reported.	We encourage VGP to report impacts for this project category. Indicators should ideally align with the ICMA Handbook.

Examples of biodiversity initiatives on VGP Parks



VGP Park Berlin – Bird boxes



VGP Park Vyškov – Insect hotel



VGP Park Nijmegen – Wood wall provides living space for many smaller animals



VGP Park Frankenthal – Beehives



VGP Park Berlin – Water trenches to retain excess rainwater and ecoduct

Additional information

Reporting

TCFD Disclosure

Governance

Disclose the organisation's governance around climate-related risks and opportunities.

The Board has overall responsibility for ensuring that risks, including climate-related risks and opportunities, are effectively and consistently managed throughout the Group. The Board delegates the execution of the risk management process to the Chief Executive Officer. On the operational level, the management team defines implementation strategies and priorities with respect to group-wide Environmental targets. The respective Country Manager, supported by the Chief Technical Officer, is responsible for ensuring that our environmental (and other) targets are met on both existing assets and new developments.

The Chief Technical Officer has Group-wide responsibility related to sustainability in our building practices on a day-to-day basis and works with a network of representatives across the business with the sustainable certification team, that support VGP's sustainability objectives by sharing best practice and providing legislative and technical guidance for their respective areas of the business.

For further information on Governance, please refer to: page 58 and the Annual Report 2021

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material

As a long-term property owner, we need to ensure that our buildings are fit for purpose, now and in the future. One of the ways we do this is to build relatively generic buildings conform "the VGP Standard", suited to more than one type of client. This ensures a longer lifespan for the building as well as reducing the risk of vacancy and future refurbishment costs.

In order to ensure that our buildings are fit for purpose and meet the requirements of our clients for the long term we have integrated adaptation and mitigation into our standard building design. With the potential for a changing climate across Europe, we ensure that aspects such as heating and sustainable drainage are assessed as part of the design. Although these adaptations involve additional cost, we believe that buildings with enhanced sustainability aspects will increasingly be valued more highly than those without.

Climate Change adaptation is now a standard process of our design and maintenance programme. We have identified climate change as a risk to the ongoing operation of our buildings and are considering implications in prioritisation including enhanced drainage.

EU Taxonomy

VGP is currently assessing the implications of EU Taxonomy compliance requirements for its portfolio. Whilst the EU rule setting is mostly determined, the final requirements will depend on local implementation by EU countries with respect to the nearly zero-energy building (NZEB) requirements in national measures implementing Directive 2010/31/EU.

Although this leaves a level of uncertainty, we believe this to be manageable and, on this basis, can commit to aim to be compliant with EU Taxonomy on a portfolio basis once

the rules are implemented on the following basis:

- 1) To update the Green Finance Framework with EU Taxonomy once finally implemented
- 2) Plan to monitor assets compliance with the "Use of Proceeds"-table which will be made available as part of the annual Corporate Responsibility Reporting
- 3) Aim to be compliant with EU Taxonomy for new buildings on a best-efforts basis

With respect to broader stakeholder engagement, EU Taxonomy compliance has also been agreed as part of the ESG framework within the 4th Joint Venture with Allianz Real Estate.

CRREM pathway

Good cooperation with tenants is a critical part of the success in improving the environmental standards as the Group is determined to continue to work towards a more sustainable and resilient real estate portfolio. VGP considers using CRREM benchmark energy and CO₂ reduction pathways for measuring transitional risks and setting emission reduction targets for its real estate portfolio.

Over the last few months we have been working with the CRREM Tool to analyse and fine-tune logistic-specific pathways particularly in order to reflect the subsector specifics (e.g. different energy consumption profiles for light industrial users versus e-commerce fulfilment versus 'straightforward' warehousing versus cooling facilities, etc.). Our plan is to ultimately adopt the CRREM Tool to be able to identify and separate the stranded versus non-stranded assets for the coming years in order to ensure our portfolio remains compliant with the 1.5°C GHG pathway.

We have assessed different target-setting options using the CRREM

pathways and are also considering pathways from other sources and providers. Although further work remains to be done, particularly in order to reflect the subsector specifics, we believe that CRREM provides a good reference framework for setting emission reduction targets for our real estate portfolio.

The results of the CRREM support us in analysing our portfolio performance, identifying scenarios and the setting of future emission reduction targets for our portfolio as part of TCFD reporting.

With respect to broader stakeholder engagement, CRREM compliance has also been agreed as part of the ESG framework within the 4th Joint Venture with Allianz Real Estate.

Global Reporting Initiative (GRI) Index

This Corporate Responsibility Report describes how we address corporate sustainability, how we implement our sustainability strategy, the policies and guidelines we observe, the targets we have set ourselves including the Sustainable Development Goals (SDGs) and our main achievements.

This Corporate Responsibility Report has been prepared in accordance with the GRI Standards: Core Option. and has not been externally audited. The GRI Content Index can be found below.

CRITERIA	DESCRIPTION	REFERENCE
102-1	Name of the organization	VGP NV
102-2	Activities, brands, products and services	VGP is a pan-European developer, manager and owner of high-quality logistics and semi-industrial real estate. VGP operates a fully integrated business model with capabilities and longstanding expertise across the value chain. The company has a development land bank (owned or committed) of 10.94 million m ² and the strategic focus is on the development of business parks. Founded in 1998 as a Belgian family-owned real estate developer in the Czech Republic, VGP with a staff of circa 350 employees today owns and operates assets in 14 European countries directly and through several 50:50 joint ventures.
102-3	Location of headquarters	Generaal Lemanstraat 55 bus 4, B-2018 Antwerp, Belgium
102-4	Location of operations	Office locations (for park locations refer to our website: www.vgpparks.eu/en/properties/): Vienna, Austria; Prague, Czech Republic; Jenišovice u Jablonce nad Nisou, Czech Republic; Lyon, France; Dusseldorf, Germany; Athens, Greece; Budapest, Hungary; Gyor, Hungary; Rome, Italy; Segrate (Milan), Italy; Riga, Latvia; Luxembourg, Luxembourg; Den Bosch, Netherlands Lisbon, Portugal; Porto, Portugal; Bucharest, Romania; Novi Beograd, Serbia; Bratislava, Slovakia; Barcelona, Spain; Madrid, Spain; Zaragoza, Spain
102-5	Ownership and legal form	Ownership information can be found on our website: https://www.vgpparks.eu/en/investors/shareholding/ Legal form of the group is Naamloze Vennootschap ("NV") which is a type of public limited company defined by business law in Belgium
102-6	Markets served	https://www.vgpparks.eu/en/about-us/
102-7	Scale of the organization	https://www.vgpparks.eu/en/about-us/
102-8	Information on employees and other workers	See disclosure in relation to People on page 38
102-9	Supply chain	See section on Supply chain ethics on page 40-41

CRITERIA	DESCRIPTION	REFERENCE
102-10	Significant changes to the organization and supply chain	Change includes VGP and Allianz entering a fourth joint venture which will become effective after the first closing (expected in 2022)
102-11	Precautionary Principle or approach	VGP applies the precautionary principle to risk management
102-12	External initiatives	United Nations Sustainable Development Goals United Nations Global Compact GRI PAS 2060 standard for carbon neutrality and the GHG Protocol GRESB TCFD disclosure
102-13	Membership of associations	Professional membership of various associations in the countries in which we operate Professional member of European Public Real Estate Association
102-14	Statement from senior decision-maker	CEO letter on page 12-13
102-16	Values, principles, standards and norms of behaviour	Refer to page 22 and 23 for our commitment to the SDG principles Refer to page 24 and 25 for our commitment to climate change strategy Refer to page 28 -31 for our commitment to sustainable properties Refer to page 34 -37 for our commitment to people, culture and employee well-being Refer to page 48 for Business Ethics
102-18	Governance structure	https://www.vgpparks.eu/en/investors/corporate-governance/
102-40	List of all stakeholder groups	See section on Engaging with stakeholders on page 18-19
102-41	Collective bargaining agreements	Refer to 'Human Rights abd labour conditions'Page 36
102-42	Identifying and selecting stakeholders	See section on Engaging with stakeholders on page 18-19
102-43	Approach to stakeholder engagement	See section on Engaging with stakeholders on page 18-19
102-44	Key topics and concerns raised	Captured in our material aspects
102-45	Entities included in the consolidated financial statements	See annual report
102-46	Defining report content and topic boundaries	See section Additional Informationt on page 71-73
102-47	List of material topics	See page 22 and page 23
102-48	Restatements of information	No restatements have been made compared to the prior year Corporate Responsibility report
102-49	Changes in reporting	The list of material topics is substantially the same as last year except six updates as described on page 20 The section Commitments has been extended (ref page 18-43), An ESG Risk Management section has been added to the report. (ref. page 46-58)
102-50	Reporting period	Reporting period is 12 months, applying the calendar year
102-51	Date of most recent report	The previous report is the Corporate Responsibility report 2020 which was published on 2 March 2021. The report is available on the website: https://www.vgpparks.eu/media/2921/vgp_corporate-responsibility-2020_eng_web_secured.pdf
102-52	Reporting cycle	We foresee to continue publishing a Corporate Responsibility report on an annual basis. Our financial reporting is on a semi-annual basis.
102-53	Contact person for questions regarding the report	martijn.vlutters@vgpparks.eu
102-54	Claims of reporting in accordance with the GRI standard	This report has been prepared in accordance with the GRI standards: Core option
102-55	GRI content index	Included
102-56	External assurance	All the energy consumption data, as well as the carbon emission calculations used in this report have been third-party validated (see the About This Report section on page 16). VGP engaged an independent auditor to verify the assets financed under the Green Finance Framework meet the eligibility criteria (See Independent Third Party's Report on Green Bond criteria on page 68-72).
201-1	Direct economic value generated and distributed	See FY 2021 results press release as released dd 23 February 2022
201-2	Financial implications and other risks and opportunities due to climate change	See Addressing Climate Risk on pages 24-25
205-1	Operations assessed for risks related to corruption	See section on resilience and integrity on pages 36-37

CRITERIA	DESCRIPTION	REFERENCE
205-2	Communication and training about anti-corruption policies and procedures	Refer to 'human rights and labour conditions' page 36 and refer to 'supply chain management' page 40-41
205-3	Confirmed incidents of corruption and actions taken	Refer to 'Business Ethics' page 48
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	VGP is not subject to legal actions related to anti-competitive behaviour, anti-trust, and monopoly practices
302-1	Energy consumption within the organization	See section on sustainable energy usage pages 24-25
302-4	Reduction of energy consumption	See section on sustainable energy usage pages 24-25
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Ecologists are engaged to research, identify and report on threatened species, terrestrial or aquatic, on development sites (refer to page 33)
305-1	Direct (scope 1) GHG emissions	See Total CO ₂ footprint on page 24-25
305-2	Energy indirect (scope 2) GHG emissions	See Total CO ₂ footprint on page 24-25
305-3	Other indirect (scope 3) GHG emissions	See Total CO ₂ footprint on page 24-25
306-2	Management of significant waste related impacts	See Long-term target to reach carbon neutrality under scope 1 and 2 before 2025 on page 22-23
306-3	Composition of waste generated	Total waste emissions are 4.8 tCO ₂ e, or 0.2% of total emissions. 82% of waste emissions result from residual waste, while only representing 32% of the generated waste. Whereas paper waste caused only 16% of waste emissions and 64% of waste generation. Waste emissions are mainly calculated based on an extrapolation of data from the Belgian office (residual, paper and plastic waste) or benchmark data when extra fractions were sorted
306-5	Waste directed to disposal	VGP does not transport hazardous waste as part of day-to-day operations. If remediation is required, within the development of a project, VGP appoints principal contractors to complete works in accordance with applicable law and regulations. No occurrences of significant spills were identified
307-1	Non-compliance with environmental laws and regulations	No significant breaches of environmental laws
401-3	Parental leave	See page 38 'Workforce' ; information on parental leave take-up and return rates is not available at this stage
403-1	Occupational health and safety management system	See section on 'occupational Health and Safety' page 35 and 'Health, safety, security and wellbeing of people in our properties' page 49
403-2	Hazard identification, risk assessment and incident investigation	See section on 'the Environmental management system' page 49
403-3	Occupational health services	See section on 'occupational Health and Safety' page 35 and 'Health, safety, security and wellbeing of people in our properties' page 49
403-4	Worker participation, consultation and communication on occupational health and safety	See section on 'the Environmental management system' page 49
403-5	Worker training on occupational health and safety	See section on Occupational Health and Safety, page 35
403-9	Work-related injuries	See section on 'occupational Health and Safety' page 35
404-3	Percentage of employees receiving regular performance and career development reviews	See section on 'people, culture and employee well-being' page 34
405-1	Diversity of governance bodies and employees	See section on 'workforce' page 39
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	See section on 'political engagement and public policy' page 37
413-1	Operations with local community engagement, impact assessments, and development programs	See section on 'VGP Foundation' on pages 44-45
414-1	New suppliers that were screened using social criteria	See section on 'supply chain management' on pages 40-41
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	There were no reported incidents



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Rome, Italy
Riga, Latvia
Luxembourg, Luxembourg
Den Bosch, The Netherlands
Porto, Portugal
Lisbon, Portugal
Bucharest, Romania
Belgrade, Serbia
Bratislava, Slovakia
Barcelona, Spain
Madrid, Spain
Zaragoza, Spain
Athens, Greece

Directors

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Chairman; Non-Executive and
Reference Shareholder

Jan Van Geet s.r.o.,
represented by
Jan Van Geet
CEO; Executive and Reference
Shareholder

GAEVAN BV
represented by
Ann Gaeremynck
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Non-Executive (Independent) Director

Financial Auditor
Deloitte

Share code

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VGP NV is a member of
the FTSE EPRA Nareit Global
Emerging Index and the
BEL20 Euronext index

Bloomberg: VGP BB
Refinitiv (ThomsonReuters): VGP:BRU

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