

VGP

BUILDING
TOMORROW
TODAY

Corporate Responsibility Report 2023



Corporate Responsibility Report 2023

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Introduction





1.1 CEO letter: Charting a Sustainable Tomorrow – Our Year in Review

Dear stakeholders,
Meeting our goals, and achieving measurable results, for climate and nature will require innovation, working together in partnerships across the value chain, engagement with communities and a science-based approach.

Our ESG Strategy is based on our motto “Building Tomorrow Today *Together*” and is underpinned by a threefold ambition:

We transform ourselves.

By creating more sustainable assets and helping our tenants to shift to better sustainable operating habits.

We empower our stakeholders.

By mobilizing our ecosystem to collectively improve our model and share growth with our communities.

We contribute to solving the challenges of our time.

By supporting initiatives that are developing solutions to climate change, the need for enhanced circularity, protecting biodiversity and social progress.

Address climate change

Among our Group’s sustainability highlights for 2023 was our progress on the first pillar of our ESG strategy: address climate change. We reduced our GHG emissions intensity per employee by 34 percent since our base year 2020, and helped our tenants reduce or avoid emissions through our efforts to enhance our building’s eco-efficiency, as well as by enabling sustainable transport and the green energy transition. We also refined our embodied carbon reduction efforts, involving our supply chain, covering suppliers that account for nearly 50 percent of our procurement spending. Finally, our photovoltaic roll-out has continued with our renewable energy production surpassing the annual electricity consumption of our tenants once all our PV pipeline projects are completed. This report contains many examples of how we are contributing to a low-carbon society and supporting the Paris Agreement’s target of limiting the rise in global temperatures to 1.5 degrees Celsius. One that stands out is a project in Germany, where we



VGP Park München, Germany

have been able to obtain a license to trade energy on the grid for our tenants which will help us distribute our solar power more effectively and thereby reduce annual carbon emissions by 5,400 tons, equivalent to taking 2,400 conventional cars off the road. By taking a closer look at the case studies we have included throughout the report you will see how we are using technology to shrink VGP's environmental footprint while working with our tenants and suppliers to reduce and avoid emissions across our value chain.

Circularity, biodiversity and social progress

While we are particularly proud of our progress on the first pillar of our 2030 ESG strategy, we also continued to advance on the other pillars: build Sustainable Properties which preserve resources, improve eco-efficiency of our existing buildings, supporting communities, promoting biodiversity, and creating a workplace culture of integrity and transparency along the extended value chain. In 2023, we strengthened VGP's circularity approach by defining a new key performance indicator (KPI) for new projects taking into account every stage of the building's life cycle, from design to end-of-life. In the "Sustainable Properties" section, you can find more examples of how we are putting circularity into practice in our buildings and management processes and the interaction with our tenants. One other important initiative was the launch of our enhanced green lease template, which we aim to include in all new leases signed and which provides a framework for transparency into the environmental impact of a building's usage and ensures green electricity procurement.

The report's section on protecting and improving biodiversity details the strides we have made toward our goals of enhancing biodiversity through preserving and enhancing natural ecosystems surrounding our projects. This includes education within the community and training to keep awareness high.

When it comes to social progress, we achieved many concrete gains, including increasing gender diversity across the organization as well as management, and enhancing our human rights in our suppliers due diligence process. At the same time, by setting up the VGP Academy we have established a platform designed to empower our employees with the knowledge and skills needed to drive innovation and sustainability within our organization.

Technical competence

Technical competence cannot solve all of the world's challenges. But our experience at VGP shows that, with clear goals in mind, and engaged and motivated people with the right skills and expertise, we can develop and deploy solutions that will take us a long way toward creating a sustainable society.

I want to thank our people for their contributions to our sustainability goals and for the work they have done, not just as employees but also in a private capacity, to support the shift to a sustainable society. And I want to thank all our stakeholders for your collaboration, support and trust. Together, we are Building Tomorrow Today and thereby leading the way to a sustainable future.

Sincerely,
Jan Van Geet
CEO

1.2 Summary of the Group's ESG achievements



Address climate change

34%

Scope 1 and 2 emissions intensity reduction since 2020

1.5°C

Scope 1 and 2 climate strategy approval by SBTi

5%

Scope 3 - embodied carbon intensity reduction since 2020

23%

Scope 3 - portfolio use intensity reduction since 2020

Sustainable buildings



GRESB Developer score

1.5°C

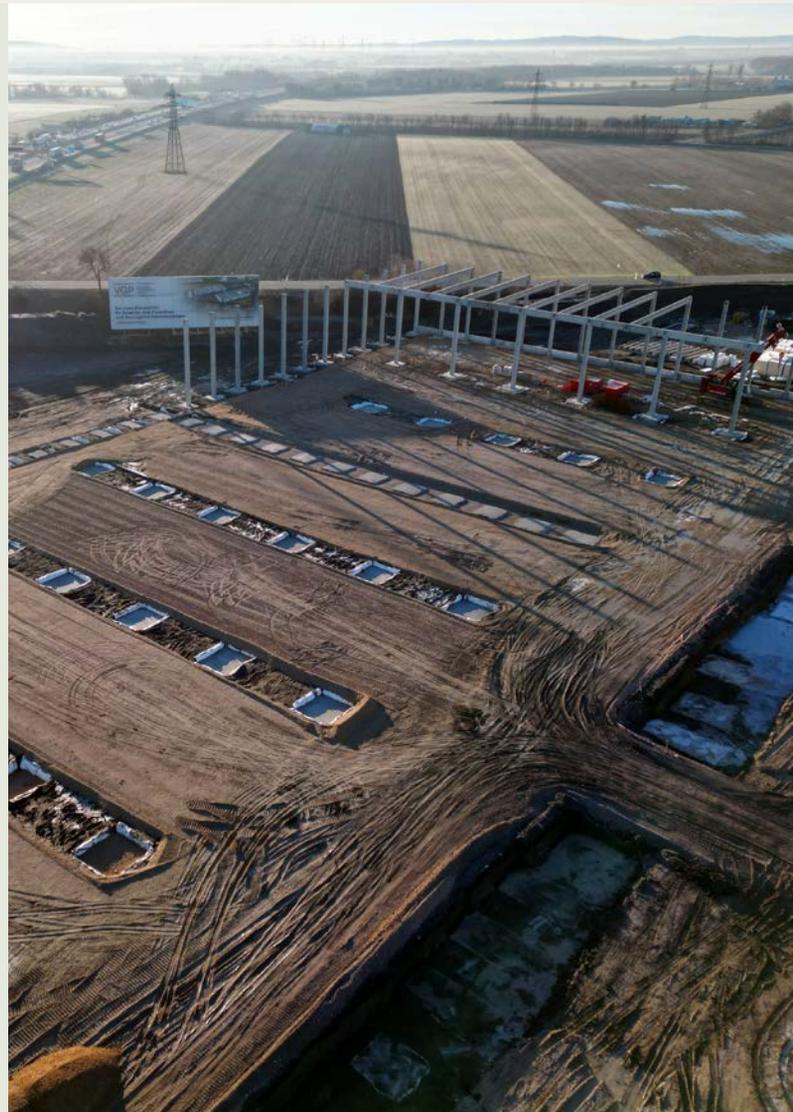
CRREM pathway (including identified improvement measures)

Implemented

Internal carbon reference pricing

80.2%

Circular economy – recycled waste from construction sites





Strengthen communities

1,440

Volunteering hours by VGP employees

41

Charitable projects supported by VGP Foundation

Empowering our workforce

100%

of employees offered to participate in community days

20bps

Increase in women in the Group

82.5%

Employees satisfied with Group training and VGP Academy

+41.8

Net promoter score given by employees





Protect and improve biodiversity

548,000 m²

Total size of biotopes created in or around VGP Parks

4,040

Additional trees planted in 2023 in existing parks

100%

of projects started in 2023 with an ecology plan

95.7%

of projects with meaningful biodiversity stakes implemented a biodiversity action plan

Improve eco-efficiency

23.3%

of green leases among total active leases

109%

Solar power generation (including pipeline) as % of tenant electricity consumption

100%

Renewable energy of VGP offices

96.4%

Parks with public transport access

545

EV chargers placed in VGP Parks

2,054 tCO₂

Annual carbon emissions savings through eco-efficiency measures



1.2.1 Results of non-financial ratings and indices

Non-financial evaluations

The Group's ESG assessments by extra-financial rating agencies were updated in 2023:

GRESB:

in 2023, with a score of 93/100 for its development activities, the Group received a "4 Star" rating and recognises VGP as the second highest performance in its European peer group. The score for Standing Investments improved year over year to a score of 77/100, equivalent to a "3 Star" rating.



G R E S B
★ ★ ★ ☆ ☆ 2023



G R E S B
★ ★ ★ ☆ ☆ 2023

CDP (formerly the Carbon Disclosure Project):

VGP was highlighted as a global leader on supplier engagement by global environmental impact non-profit CDP:

- Being awarded a position in the Supplier Engagement Leaderboard in 2023 with an A- ranking recognising the Group as a global leader for engaging with its suppliers on climate change (more details in section 3.6 Sustainable Supply chain management);
- Score 2023 climate change: B



Sustainalytics:

VGP received an ESG Risk Rating of 12.1 and was assessed by Sustainalytics to be at "Negligible" risk of experiencing material financial impacts from ESG factors. VGP's ESG Risk Rating by Sustainalytics places the Group at the 44rd rank and in the 28th percentile of the Real Estate Industry group assessed by Sustainalytics, as well as at the 173rd rank in the global rated universe (15,000+ companies). VGP's management score of ESG issues assessed by Sustainalytics is strong (57/100) (last update in February 2023).

S&P's ESG solutions:

As of 19 March 2024, our company performed in the top decile in the Real Estate Management & Development Industry in the S&P Global Corporate Sustainability Assessment 2023. Our company scored 63 (out of 100), reflecting an improvement of 17 points over 2022, with full scores in the following criteria: 78 for Environmental, 53 for Social and 55 for Governance & Economic.

Non-financial indices

On 20 March 2023, VGP was included in the **BEL[®] ESG Index** (for more details please see Euronext's website). The BEL[®] ESG Index is a free float market capitalisation weighted index that reflects the performance of the 20 companies with the best ESG risk rating selected among the best in their subindustry from the BEL 20 Index and BEL Mid Index.

1.3 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 Report, various other reports and presentations, regulatory filings, press releases and direct conversations with stakeholders. We maintain a dedicated sustainability section on our website to facilitate access to information that we publish on these topics.

This Annual 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, 2023, unless otherwise noted. For the CO₂ emissions and energy consumption data of our tenants within our portfolio 2023 full-year data has been used (as referenced in the respective tables).

1.3.1 Alignment with ESG reporting standards and frameworks

VGP's 2023 non-financial statement consists mainly of the present Chapter "Corporate Responsibility" of the Group's 2023 Annual Report, completed with elements in Chapters "Profile", "Strategy", "the Report of the Board of Directors" and the "Remuneration Report".

In 2023, in compliance with the anticipated EU "Taxonomy" regulation, VGP has published the share of its eligible and aligned activities. The EU Taxonomy aims to establish a unified classification system for economic activities to determine whether these activities can be considered "environmentally sustainable" (or "green"). The eligible and aligned share of turnover, CAPEX and OPEX from VGP activities are presented in section 4.1 EU Taxonomy regulation.

The 2023 VGP Annual Report also complies with the Best Practices Recommendations on Sustainability Reporting ("sBPR") established by the European Public Real Estate Association ("EPRA"). VGP received the EPRA "Most improved" and "Bronze" Awards in 2023 for completing its 2022 reporting in accordance with the EPRA Sustainability BPR. Since 2020, VGP follows the GRI guidelines. The 2023 Annual Report has been prepared in accordance with the GRI Standards: Core option.

The 2023 Group's non-financial statement is also in line with the recommendations of the TCFD. VGP is an official supporter of the Financial Stability Board's ("FSB") TCFD since 2022, recognising the importance of increasing transparency of climate-related risks and opportunities, promoting more informed financial decision-making and building a more resilient financial system.

The following table includes cross-referencing between the information published by VGP in this document and the main (European and Global) reporting standards for non-financial information: the Non-Financial Reporting Directive, the GRI standards and TCFD recommendations.

Complete cross-references tables of the Group's 2023 sustainability reporting with EPRA and GRI frameworks, as well as with the TCFD's core elements of climate-related financial disclosures, are available in the sustainability section of the Group's website (<https://www.vgpparks.eu/en/investors/environmental-disclosures/>).

Links between the UN SDGs and ESG risks and opportunities can be identified in the graphics included in section 2.1.3 ESG risks and opportunities.

Cross-reference table of the management report

Topic	Annual Report section
Description of the business model	Page 20–23
Description of the principal non-financial risks relating to the Group's business	Page 78–87
Description of the policies to identify, prevent and mitigate non-financial risks and their outcomes including key performance indicators	Page 78–87
Respect for human rights	Page 73
Anti-corruption measures	Page 73
Climate change (contribution and adjustments)	Page 87
Circular economy	Page 28
Waste	Page 174
Collective bargaining agreements and their impacts	Page 189
Measures taken to combat discrimination and promote diversity	Page 73
Societal commitments	Page 75

1.3.2 External assurance

In compliance with the applicable frameworks on the disclosure of non-financial information (see Section 1.3.1.1. Alignment with ESG reporting standards and frameworks), the Scope 1, Scope 2 and Scope 3 concerning tenant energy consumption data key performance indicators of the Group's non-financial statement are audited by an independent third-party verifier; see the assurance report in Section 5.2 Independent third-party's ESG assurance report.

A third-party verifier was also commissioned to carry out an audit on the annual reporting for the Green Bonds issued by the Group. This audit consists of verifying the compliance of funded assets with the set of eligibility criteria, concerning both their development and operation phases, which are defined in the Green Bonds Use of Proceeds (see Section 4.2.3 Current allocation of green bond proceeds). The detailed reporting and assurance report are disclosed in Section 4.2.6 (Independent third party's report on green bond criteria and indicators).

All the portfolio energy data as well as the related carbon emission calculations used in this report have been audited based on PAS 2060 and the GHG protocol.



VGP Park České Budějovice, Czech Republic

1.3.3 Reporting on the EU Taxonomy

The European Union has established a taxonomy (the “**EU Taxonomy**”) to help direct investments towards sustainable projects and activities. From the viewpoint of companies, the taxonomy is a classification system meant to provide investors and policymakers with appropriate definitions for which economic activities can be considered environmentally sustainable according to the following six environmental objectives:

1. Climate change mitigation;
2. Climate change adaptation;
3. The sustainable use and protection of water and marine resources;
4. The transition to a circular economy;
5. Pollution prevention and control; and
6. The protection and restoration of biodiversity and ecosystems.

As of the publication date of this non-financial statement, the full set of regulations pertaining to the EU Taxonomy had not yet been passed. In accordance with the ones applicable to 2023 disclosures¹, in section 4.1 EU Taxonomy VGP reports only on the proportion of its economic activities that are “taxonomy-eligible” and “taxonomy-aligned” with respect to the first two objectives above.

¹ See Regulation (EU) 2020/852 and Article 10.2 of Commission Delegated Regulation (EU) 2021/2178 of July 6, 2021

1.4 Company at a glance

VGP is a pan-European owner, manager and developer of high-quality logistics and semi-industrial properties as well as a provider of renewable energy solutions. VGP has a fully integrated business model with extensive expertise and many years of experience along the entire value chain. VGP was founded in 1998 as a family-owned Belgian property developer in the Czech Republic and today operates with around 368 full-time employees in 17 European countries directly and through several 50:50 joint ventures. In December 2023, the gross asset value of VGP, including the 100% joint ventures, amounted to € 7.19 billion and the company had a net asset value (EPRA NTA) of € 2.3 billion. VGP is listed on Euronext Brussels (ISIN: BE0003878957).

1.4.1 Asset Management

VGP is a long-term real estate investor with its own rental portfolio owned and managed. Part of the portfolio is held in joint ventures for which VGP is responsible for the portfolio and asset management.

1.4.2 Development activities

Through the acquisition of a strategic land bank and with an in-house team with capabilities across the value chain VGP develops new business parks. In most developments VGP acts as general contractor and imposes strict pre-letting requirements. VGP safeguards continuous site supervision and developments to a high standard of environmental and health and safety policies.

1.4.3 Renewable Energy

Predominantly by engaging with tenants on self-consumption of renewable energy the Group has developed a third business line offering renewable energy solutions based on renewable energy generation in and around business parks.

1.4.4 Financial and operational highlights (FY 2023)

Financial	
Revenues	€ 113.7 million
Operating result	€ 118.8 million
Capital Expenditure	€ 858 million
Earnings per share	€ 3.20
Equity base	€ 2.21 billion
Financial debt (of which green bonds)	€ 2.00 billion (€ 1.6 billion)
Gearing ratio	40.3%
Cash available	€ 0.2 billion
Operating metrics	
Total FTE	368
Completed building portfolio ¹ (#/m ²)	219/4,943,537
Buildings under construction (#/m ²)	26/774,000
Portfolio performance	
Total AuM	€ 7.19 billion
Net property income	€ 63.5 million
Leases committed	€ 350.8 million
Capital expenditure	€ 693 million
Occupancy ratio	98.9%
Renewable Energy business unit	
Renewable energy income	€ 4.4 million
Solar capacity installed	101.8 MWp
Solar capacity under construction	69.0 MWp
Committed solar capacity	99.7 MWp
Number of EV charging stations installed	545 Chargers

¹ Rent roll, including Joint Ventures at 100%: 222 buildings (5,365,000 m²); main adjustment is exclusion of existing Russelsheim facilities (brownfield warehouses)

Group ESG Strategy





2.1 ESG Strategy: Building Tomorrow Today Together

2.1.1 Priorities of the Group ESG Strategy

Since 2021, VGP has redefined its ESG strategy. Between 2020 and 2023, VGP had already achieved a cumulative reduction of 34% of its carbon intensity of own operations per employee and with regards to the portfolio a 23% reduction in energy intensity per square meter leased since 2020. In doing so, the Group incorporated ESG in its entire value chain and aims to address the wide scope of indirect carbon emissions resulting from development activities, tenants' energy consumption and employees' transport and office use. While VGP's agenda on fighting climate change remains central, the ESG strategy also onboards environmental and societal challenges like the circular economy and environmentally friendly transport, but also critical social responsibilities on diversity and inclusion and employee well-being. VGP's ESG strategy relies on an efficient ESG governance structure allowing decision making at the appropriate level within the organisation and covering all countries (presented in Section 2.2 Governance of ESG), and ESG-related risks are included into the Group's risk management framework. Our ESG strategy builds on the conclusions of the materiality analysis and the analysis of ESG risks. It addresses the main challenges facing semi-industrial and logistics real estate: moving towards a low-carbon economy and sustainable mobility, fully integrating the Group's business activities within local communities, and empowering teams on sustainability and diversity. VGP's ESG strategy rests on five main pillars as outlined in the chart and as used as the ESG challenges and opportunities.

VGP's current approach to Environmental Social and Governance ("ESG") has been structured on solid grounds, going way beyond regulation. In order to define its ESG strategy, the Group has identified key areas of work, representing challenges and opportunities related to its activities.

Two complementary approaches were used to that end:

- A materiality analysis, which is a mapping tool used to identify and order the important ESG issues for the Group from an internal as well as an external stakeholder perspective; and
- A risk analysis, which is a framework used to highlight the ESG issues likely to negatively impact the Group.

Protect ecosystem and address climate change



Integrated ESG risk management and governance



2.1.2 Materiality matrix

In 2023, VGP updated its 2022 materiality matrix in order to align and identify its current ESG-related priorities. This work was done on the basis of an analysis of the main ESG reporting standards (taking into account Global Reporting Initiative Construction and Real Estate Disclosure recommendations), investor expectations (including GRESB questionnaire), underlying market trends, best practices observed in the real estate industry and beyond.

The business impact of each ESG topic has been assessed across value levers (value protection, revenue increase, cost reductions, improved valuation, preferred financing and new revenue sources) and by appraising the magnitude of the impact. The importance for external stakeholders (regulator, investor, municipality and tenant expectations) takes into account the current or upcoming regulation and the following market trends used as proxies: renewable energy integration, circular economy practices, urban logistics and the electrification of fleet and climate change.

Executive Management validated the updated materiality matrix, which confirmed the main priorities identified through the previous analysis. These priorities, in line with the parallel work done on risks (see section 2.1.3 ESG risks and opportunities), reconfirmed the 5 focus areas for the Group sustainability strategy (see introduction of Section 2.1 ESG Strategy: Building Tomorrow Together).



2.1.3 ESG risks and opportunities

In 2021, in response to the TCFD, VGP identified and assessed its main ESG risks, using the Group risk assessment methodology taking into account three impact criteria: financial, legal and reputational. In line with the spirit of the regulation, the analysis provided presents gross risks (before the implementation of management measures).

The Group ESG risk universe was defined on the basis of both the ESG priorities highlighted by the Group's materiality analysis (see Section 2.1.2 Materiality matrix) and the sector based ESG risk universe established by the work done in 2021. In total, 22 risks were identified and classified into 10 categories, among which 4 were identified as main ESG risks due to their level of impact.

The risk analysis and ranking work was undertaken jointly by the Group's ESG team and Group Finance Department, with the involvement of the local teams. The results were shared with the members of the Group Management Board overseeing Group resources and ESG. Subsequently these climate change and ESG risks have been identified as a risk factor in the Group's risk management framework (see Environmental, sustainability and climate change risks in the Section Risk Factors for more details).

The following sections summarise the main ESG risks, and the policies, action plans, performance indicators and opportunities associated with their management. Climate change risks for the Group (physical and transitional) form a core part of the ESG risks analysis and are integrated in the following summary of main ESG risks and their management policies. A more detailed overview of climate risk management and in particular of the resilience of assets to physical climate risks is provided in Section 3.1.3.1

Related policies and action plans described reflect the latest updates made by the Group to mitigate these risks, as do all associated performance indicators disclosed.

Key: ↓ decreasing ≡ stable ↑ increasing

ESG COMMITMENT					
	Associated risk	Risk level	Change in risk level	Stakeholders	
	Failure to take into account stakeholders' growing expectations regarding sustainability	Medium	↑	<ul style="list-style-type: none"> — employees — tenants — local communities — suppliers — investors — public authorities 	
BUSINESS ETHICS					
	Associated risk	Risk level	Change in risk level	Stakeholders	
 	Bribery and corruption risk, money laundering and financing of terrorism or non-compliance with regulations	High	↑	<ul style="list-style-type: none"> — employees — public authorities — tenants — suppliers 	
	Non-transparency in reporting of lobbying activities	Low	≡	<ul style="list-style-type: none"> — employees — public authorities — investors 	
	Breach of personal data and cyber security	Low	≡	<ul style="list-style-type: none"> — employees — tenants — local communities — suppliers — investors — public authorities 	
HEALTH, SAFETY AND WELL-BEING OF PEOPLE IN OUR PROPERTIES					
	Associated risk	Risk level	Change in risk level	Stakeholders	
 	Failure to provide a safe and healthy environment for employees, tenants and contractors	Low	≡	<ul style="list-style-type: none"> — employees — tenants — local communities — suppliers — public authorities 	

	Management approach	Key Performance Indicators	Reference section
	<ul style="list-style-type: none"> — Execute on ESG Strategy: transparency on actions and results — Dialogue with stakeholders — Response to non-financial rating agencies 	<ul style="list-style-type: none"> — ESG performance indicators — Stakeholder engagement survey responses — Ratings from external benchmarks/agencies — Revenue growth — Employee/tenant satisfaction and retention rate 	<ul style="list-style-type: none"> — ESG chapter 2 — Green financing of the Group activities – section 4
	Management approach	Key Performance Indicators	Reference section
	<ul style="list-style-type: none"> — The Group Code of Conduct includes a compulsory yearly e-learning module and Code attestation — Code of Conduct includes specific procedures (e.g. gifts and invitations) — Whistleblowing procedures are accessible 24/7 to all employees and contractors with a guarantee against retaliation — Clear procedures for screening business partners — Insider Trading Rules procedure 	<ul style="list-style-type: none"> — Number of sanctions imposed by regulators in 2023 linked to corruption incidents (# 0) — Monetary value of such sanctions imposed (€ 0) — Percentage of new joiners trained on corruption prevention (40%) — Percentage of employees trained in 2023 on the Group Code of Conduct, business ethics and corruption prevention (73%) 	<ul style="list-style-type: none"> — Section Conduct and compliance in the Chapter Report of the Board of Directors
	<ul style="list-style-type: none"> — Political Activity Policy: VGP has a principal policy of no political engagement and participating in political activities — If any activities would occur they require CEO approval and have to be reported. — The Group is committed to declare applicable lobbying activities annually to ensure these are available on the Belgian register for Transparency in Public Affairs platform ("Lobbyregister" www.dekamer.be). 	<ul style="list-style-type: none"> — Number of reported lobbying actions (#: 0) — Political donations and lobbying expenditures (€ 0) 	<ul style="list-style-type: none"> — Section Conduct and compliance in the Chapter Report of the Board of Directors
	<ul style="list-style-type: none"> — Data Privacy Protection programme compliant with EU and relevant member states regulations — VGP has a data protection governance framework at corporate level in place to ensure preventative processes and internal alerts — The main MIS and operating system which the Group uses for email and file exchange is compliant with ISO 27001 — The Group only uses reputable service providers for network maintenance — The Group uses group-wide employee training and specific business people training on data protection awareness and cybersecurity — The Group's new ERP, operating metrics, billing and payment system is fully compliant to ISO 27001 and ISO 27018 	<ul style="list-style-type: none"> — Percentage of employees trained on cyber security and data protection: 100% 	<ul style="list-style-type: none"> — Section Conduct and compliance in the Chapter Report of the Board of Directors
	Management approach	Key Performance Indicators	Reference section
	<ul style="list-style-type: none"> — The 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 — Maintenance and inspection is conducted for all relevant equipment subject to regulation — Third-party audits of Health & Safety risks are conducted at asset level. Health & Safety audits are conducted on a continuous basis — Routine property tours are organized to identify hazardous conditions and implement corrective actions 	<ul style="list-style-type: none"> — The number of incidents is monitored as well as sanctions for non-compliance related to building health and safety. 	<ul style="list-style-type: none"> — Section 3.5.6 Occupational Health and Safety

HUMAN CAPITAL

	Associated risk	Risk level	Change in risk level	Stakeholders
	Non-engagement of employees	Medium	☰	— employees — managers
	Lack of key competencies	High	☰	— employees
	Lack of profile diversity	Medium	☰	— employees — managers

LOCAL MUNICIPAL ANCHORING

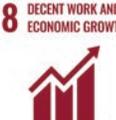
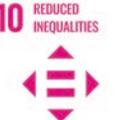
	Associated risk	Risk level	Change in risk level	Stakeholders
	Inadequate contribution to local social and economic developments	Medium	☰	— local authorities — local communities — tenants
	Risk of local protest and local unacceptability of activities	Low	☰	— local authorities — local communities — tenants

	Management approach	Key Performance Indicators	Reference section
	<ul style="list-style-type: none"> — 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 ergonomics policies — The Group aims to provide permanent learning and development opportunities: The setup of the VGP Academy in 2023 will further support these possibilities and the Group continues to foster cross-border learning and development opportunities — To encourage a healthy lifestyle, use of bicycles is encouraged, gym and sport memberships are sponsored, and healthy food alternatives are offered in office canteen and kitchens — Participation in the Group's local volunteering programs is encouraged as well as participation in the annual employee satisfaction survey 	<ul style="list-style-type: none"> — Employee turnover rate — Annual employee satisfaction survey — Percentage of VGP countries and offices that implement employee wellbeing and green office programs — The employee engagement in the Group volunteering program 	<ul style="list-style-type: none"> — VGP Community Day Section 3.7.2 — Chapter 3.5 Empowering our workforce
	<ul style="list-style-type: none"> — Group's recruitment, retention and succession planning is included in formalised HR policies relating to recruitment, compensation and benefits, talent review and learning and development — The Group's Diversity policy and Human Rights policy is a commitment to improvement of employee engagement on diversity and inclusion — The development of the international group culture and "cross fertilisation of knowledge" 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 — VGP Academy (setup in 2023) will further support continuous learning and development — The Group is enhancing its graduate recruitment 	<ul style="list-style-type: none"> — Training rate — Average tenure of key people — Employee recruitment rate 	<ul style="list-style-type: none"> — Chapter 3.5 Empowering our workforce
	<ul style="list-style-type: none"> — VGP's equal opportunity statement is included in HR policies relating to recruitment practices, compensation and benefits, talent review, and learning and development — The Human Rights policy sets the commitment to and improve employee engagement on diversity and inclusion — The Group Code of Conduct and whistleblowing procedure are in-line with zero tolerance principle for discrimination or harassment — The diversity of the members of the board of the Group – with at least 60% women since 2019 – sends a strong signal about the importance of female leadership — International Group culture (e.g. international activities, mobility, cross-functional mobility, group-wide learning programs) — Since 2024, VGP is signatory of a European Diversity Charter to support the fight against all forms of discrimination 	<ul style="list-style-type: none"> — Female representation in management levels — Pay ratio based on gender 	<ul style="list-style-type: none"> — Chapter 3.5 Empowering our workforce
	Management approach	Key Performance Indicators	Reference section
	<ul style="list-style-type: none"> — For new developments public consultations are held — 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 together to identify and tackle issues for the local population and businesses 	<ul style="list-style-type: none"> — Proportion of VGP Parks using local service providers for facility management services — Proportion of VGP Parks promoting local employment and generating local tax revenues — Proportion of VGP Parks offering leasing space to locally anchored tenants 	<ul style="list-style-type: none"> — Section 3.7 VGP in the Community
	<ul style="list-style-type: none"> — For new developments public consultations are held — 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 	<ul style="list-style-type: none"> — Proportion of VGP Parks using local service providers for facility management services — Proportion of VGP Parks promoting local employment and generating local tax revenues — Proportion of VGP Parks offering leasing space to locally anchored tenants 	<ul style="list-style-type: none"> — Section 3.7 VGP in the Community

PROTECT ENVIRONMENT

	Associated risk	Risk level	Change in risk level	Stakeholders
  	Water, soil and air pollution linked with development projects and standing assets	Medium	↑	<ul style="list-style-type: none"> — local authorities — local communities — contractors — tenants — employees
	Not identifying existing pollution in acquired development projects and standing assets	High	↑	<ul style="list-style-type: none"> — local authorities — local communities — contractors — tenants — employees
	Not addressing opportunities and changing expectations to landscaping and nature-based solutions	Low	↑	<ul style="list-style-type: none"> — local communities — local authorities — contractors — tenants — employees

RESPONSIBLE SUPPLY CHAIN

	Associated risk	Risk level	Change in risk level	Stakeholders
      	Non-compliance of Group supply chain actors with environmental or social regulations and standards	Medium	≡	<ul style="list-style-type: none"> — suppliers — employees — tenants — local communities — authorities
	Sustainability-related controversies related to tenant activities	Medium	≡	<ul style="list-style-type: none"> — tenants — local communities — authorities — employees

	Management approach	Key Performance Indicators	Reference section
	<ul style="list-style-type: none"> — Brownfield projects may contain 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 — Inspections are regularly conducted — Continuous maintenance and improvement of existing buildings and technical equipment liable to have an impact on the environment or on personal safety — For development projects, third-party HSE audits are conducted on a continuous basis in order to monitor and update the associated action plans as required 	<ul style="list-style-type: none"> — Number of assets subject to EMS (245) — Number of reported EMS compliance issues (0) — Number of non-monetary sanctions imposed by regulators in 2023 linked to environmental breaches (0) — Monetary value of fines for environmental breaches € 0 	<ul style="list-style-type: none"> — Section 3.2.1 Environmental management system
	<ul style="list-style-type: none"> — The Group is specialised in the acquisition of brownfield projects and for many such projects, the historical industrial usage and occupation of the site has resulted in significant soil contamination — To avoid unknown pollution risks an extensive due diligence process is conducted which includes environmental risks and soil pollution analysis — The contamination is analysed in detail to be able to precisely budget the decontamination works required — In addition to budgeted works for known contamination, additional risks can be embedded for which additional soil decontamination activities are budgeted (so unforeseen expenses can also be considered pre-acquisition) 	<ul style="list-style-type: none"> — Site controlling decontamination (€ 2.3 million FY23) — Volumes of soil concerned (3,723 metric-tonnes) 	<ul style="list-style-type: none"> — Section 3.2.1.1.3 Pollution Prevention
	<ul style="list-style-type: none"> — We are reviewing more strategic use of estate landscaping to plant additional trees and shrubs to act as long-term carbon capture while improving the local environment for the benefit of our tenants and communities — Biodiversity Policy has been rolled-out in 2023, providing a framework for assessing opportunities and risks with regards to biodiversity in our parks in operation as well as in new developments — Costs of landscaping are incorporated within development and refurbishment capex and is immaterial compared to overall spend 	<ul style="list-style-type: none"> — % Parks with biodiversity risk and mitigating measures — Square meters of green roof or space in existing parks 	<ul style="list-style-type: none"> — Chapter 3.4 Protect and Improve Biodiversity
	Management approach	Key Performance Indicators	Reference section
	<ul style="list-style-type: none"> — 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, 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 Supplier Code of Conduct and comply with the ILO conventions and local labour laws in Europe (with sanctions in case of non-compliance according to severity eg, formal notice, penalties, dismissal) — The Group's Considerate Construction Charter and 10 Golden Rules for circular development are applicable for all development projects — Whistleblowing procedures are accessible 24/7 to all employees and contractors with a guarantee against retaliation — The Group engages with its main suppliers on the Group's sustainability engagement and in order to explore product innovations to enhance building circularity and sustainable performance — The Group has a policy to use 100% timber from certified, sustainably managed forests with FSC or PEFC certification in development and refurbishment projects — Target to develop a supplier responsible purchasing charter 	<ul style="list-style-type: none"> — Number and percentage of assets in compliance with the charter 	<ul style="list-style-type: none"> — Section 3.2.1.1 Sustainable Construction
	<ul style="list-style-type: none"> — The Group aims to strengthen communication with tenants (e.g. sustainability meetings with tenants, satisfaction surveys including ESG satisfaction related questions to improve their sustainability perception, etc.) — VGP screens its tenants in order to minimize the risk that the Group leases premises to a corporation active in a controversial industry or not complying with regulations or standards of their profession (e.g. fundamental human and labour rights) — Since three years the Group is signing voluntary and contractual agreements on sustainability issues with its tenants and the group is also pro-actively reaching out to tenants to support transition towards renewable energy consumption as part of green lease concept 	<ul style="list-style-type: none"> — The percentage of green leases signed among new leases and active leases 	<ul style="list-style-type: none"> — Section 3.3.2 Green leases and tenant commitments

CLIMATE CHANGE

	Associated risk	Risk level	Change in risk level	Stakeholders
	Closure or deterioration of VGP Parks due to weather events	Medium	≡	<ul style="list-style-type: none"> — tenants — local communities — insurance — investors
	Regulatory tightening in building energy efficiency requirements	Medium	↑	<ul style="list-style-type: none"> — tenants — public authorities — investors
	Increase of CapEx & OpEx, including tension on the price of energy	High	↑	<ul style="list-style-type: none"> — tenants — public authorities — investors (incl joint venture partners)
	Changing tenant needs towards EV charging infrastructure	Low	↑	<ul style="list-style-type: none"> — tenants — community — public authorities — investors (incl joint venture partners)

	Management approach	Key Performance Indicators	Reference section
	<ul style="list-style-type: none"> — The Group has conducted a climate change risk assessment covering all standing assets and development pipeline, in line with the Task Force on Climate-related Financial Disclosures (“TCFD”) recommendations, covering both transitional and physical risks (acute and chronic) — In land purchasing climate change risk is taken into account as part of the purchasing criteria (full CRA due diligence is conducted, include 100-year probability heavy rainfall models) — The Group has adequate insurance cover for natural disasters for all its assets and is in compliance with regulatory requirements in each country or region with regards to flooding risk, water management and drainage systems for exceptionally heavy rains — The Group is certifying its asset portfolio based on EU Taxonomy compliance – as part of the asset compliance requirements additional mitigating measures may be required (also the environmental certification policy for all assets, through BREEAM or DGNB, provides assessments of physical resilience and energy aspects) — The Group and local teams are kept up to date with new insights, laws and regulations as they become relevant through regular presentations and training (VGP Academy) 	<ul style="list-style-type: none"> — % of assets at risk in CRA assessment — % of assets compliant with EU Taxonomy 	<ul style="list-style-type: none"> — Section 3.1.1 Climate Change Strategy
	<ul style="list-style-type: none"> — 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 EMS 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) 	<ul style="list-style-type: none"> — Energy intensity per area of use (KWh/m²) — Financial impact of variations in energy price and energy source alternative scenarios — Asset CRREM stranding year from energy intensity perspective — Percentage of lease contracts with green energy procurement requirement — Percentage of lease contracts with annual energy efficiency and consumption review 	<ul style="list-style-type: none"> — Section 3.3.3 Energy Management — Section 3.3.4 Decarbonisation scenarios (CRREM) — Climate related financial disclosures section 3.1.3.4
	<ul style="list-style-type: none"> — 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 EMS of the Group supports the objective to improve environmental performance of all standing and development assets of the Group — Shift towards sourcing electricity from renewable energy sources for all assets, driven by the development of on-site renewable energy production capacity — The Group is actively engaging with stakeholders to improve energy efficiency and source renewable energy, including tenants and suppliers — The Group’s energy unit, VGP Renewable Energy, successfully applied for electricity grid-utility status (“netzbetreiber”) in Germany and soon similar status in Romania is anticipated. This will allow the Group to offer green electricity more effectively to our tenants 	<ul style="list-style-type: none"> — Energy intensity per square meter of use (kWh/m²) — Carbon intensity linked with energy consumption of standing assets (Scope 3 “portfolio in use”: Category 13: downstream leased assets) 	<ul style="list-style-type: none"> — Section 3.2 Sustainable Properties — The refurbishment program which aims to enhance the eco-efficiency of the existing portfolio is explained in section 3.3.3 Energy Management and 3.3.4. Decarbonization scenarios (CRREM)
	<ul style="list-style-type: none"> — ESG policy requires for all existing parks as well as for new developments EV chargers at tenant parking spaces — The cost of EV chargers (sufficient to comply with VGP’s policy) is factored into all new development and refurbishment budgets 	<ul style="list-style-type: none"> — Number of parks with EV chargers — KWh charged at EV chargers 	<ul style="list-style-type: none"> — Section 3.3.7 Develop connectivity and sustainable mobility

NATURAL RESOURCES AND CIRCULAR ECONOMY

	Associated risk	Risk level	Change in risk level	Stakeholders
 	Inadequate performance on waste management operations	Low	≡	<ul style="list-style-type: none"> — tenants — service providers
  	Tensions over materials needed for development projects	Medium	↑	<ul style="list-style-type: none"> — suppliers — contractors — public authorities

GOVERNANCE

	Associated risk	Risk level	Change in risk level	Stakeholders
    	Lack of resources to manage ESG risks	Low	≡	<ul style="list-style-type: none"> — employees — tenants — local communities — suppliers — investors — public authorities

	Management approach	Key Performance Indicators	Reference section
	<ul style="list-style-type: none"> Review with tenants waste services and collection to enhance data collection and waste performance (sorting, recovery, etc.) 	<ul style="list-style-type: none"> The percentage of assets certified (BREEAM/DGNB) The percentage of recovered waste The percentage of tenant contracts engaged in a circular economy approach 	<ul style="list-style-type: none"> Sections Waste Management section 3.3.6 and 3.2.2 Environmental certifications
	<ul style="list-style-type: none"> For 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 For development activities, an internal pricing mechanism for embodied carbon supports calculating and like-for-like comparing the carbon saving versus the investment costs 	<ul style="list-style-type: none"> BREEAM/DGNB New Construction certification (level: Excellent / Gold) Carbon intensity linked with development activities per sqm delivered 	<ul style="list-style-type: none"> Sections 3.2.2 Environmental certifications and section 3.1.2.4 Focus on embodied carbons in development projects

	Management approach	Key Performance Indicators	Reference section
	<ul style="list-style-type: none"> 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 set up a dedicated ESG team responsible for overseeing and supporting the implementation of the Group ESG strategy. The Group is aligning initiatives, action plans and targets with the ESG program in all countries and departments (sales, development/technical, etc.), with the 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. 	<ul style="list-style-type: none"> ESG performance indicators Stakeholder engagement survey responses Ratings from external benchmarks/agencies Revenue growth Employee/tenant satisfaction and retention rate 	<ul style="list-style-type: none"> Section 2.2 Governance of ESG

2.2 Governance of ESG

2.2.1 Ethics and integrity

VGP’s corporate governance, ethical conduct and risk management policies provide the necessary stability and reliability required for sustainable growth and performance. As a signatory to the UN Global Compact since 2022, the goal of which is to promote ESG, the Group is committed to adopting, upholding and enacting within its sphere of influence the ten universally recognised principles relating to human rights, labour laws, environmental protection and anti-corruption. VGP’s governance structure is presented in the Chapter Corporate Governance Statement of this annual report. VGP’s Compliance policy, Code of Conduct and Anti-corruption programme are presented in Section ‘Conduct and Compliance’ in the Chapter ‘Report of the Board of Directors’.

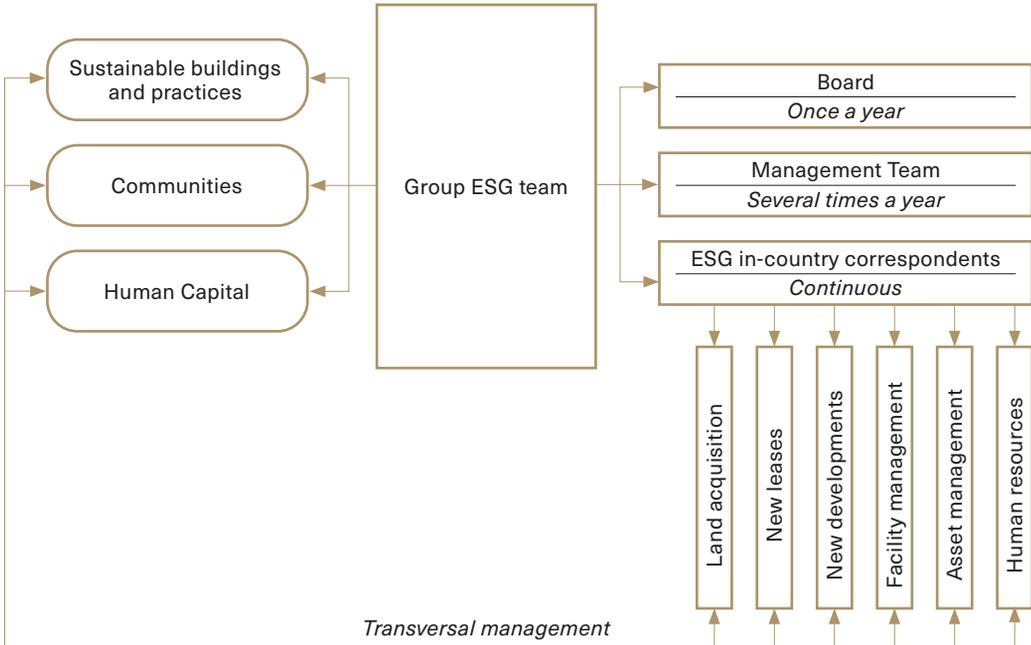
2.2.2 ESG team/governance

The Group ESG team, which is cross-functional and includes members from key departments including technical, innovation, sustainable buildings and finance, reports directly to the CEO and is built around two priorities:

- (1) Monitoring ESG performance by ensuring that the Group’s ESG objectives are fully integrated into the Group’s business and decision-making processes; and
- (2) Engaging all stakeholders and employees of the Group in order to collectively achieve the objectives of the ESG strategy. As a key topic of ESG program, climate change is fully integrated in the ESG governance (as described below).

The ESG team leverages several key components of the Group organisation:

- The Chief Operating Officers (COOs) of each region support the implementation of the ESG strategy at country level
- The Group relies on ESG local correspondents in each country to help following country ESG performance and coordinate with the Group ESG team; and
- Key transversal functions, in charge of providing relevant guidelines and functional support to countries to implement areas of the ESG program, like the Legal and Compliance team and Finance and Risk





VGP Park Laatzten, Germany

2.2.3 Integration within core processes

The ESG approach is fully embedded into the key processes of VGP, in line with the Group's strategic priorities and operational concerns. Relevant management processes have been set up at each stage of the business cycle, along with appropriate key performance indicators. For example:

- The VGP due diligence process for new land acquisitions includes a complete audit of regulatory, climate change and environmental and Health and Safety risks, including soil contamination;
- The Group's risk management framework includes climate change and ESG risks: identified among the main risk factors, they are integrated in the risk management programme overseen by the management team, which reports regularly to the Board (see Section "Risk management and internal controls" of the Remuneration Report for more details);
- Development projects are regularly reviewed in light of ESG targets;
- Managed assets have an environmental action plan, with annual performance reviews;
- The internal compliance team conducts regular assessments of the management and compliance processes in accordance with the rules set by VGP;
- HR processes ensure the promotion of diversity and inclusion and consider employee well-being as well as employee learning and development opportunities;
- The training path of new joiners as well as specific functions includes relevant ESG content;
- The annual incentive plan of management and of all eligible Group employees specifically integrate ESG-related performance criteria (see the remuneration section of this annual report for more details); and
- Standing assets and development projects integrate ESG components to ensure alignment with ESG targets.

2.2.4 Stakeholder engagement

We maintain an open dialogue with our stakeholders, including our investors, customers, employees, suppliers and the communities in which we operate.

VGP reports to investors on its ESG strategy and achievements via regular publications (annual and corporate responsibility reports, semi-annual report, trading updates and news), answers to information requests, interaction with ESG rating and ranking providers, and through dedicated meetings. These meetings also enable VGP to learn more on key areas of interest for investors on ESG topics. The Group's position in the various ESG ratings and evaluations is outlined in Section 1.2.1 Results of non-financial ratings and indices.

As a listed commercial real estate company, VGP is a member of the European Public Real Estate Association ("EPRA"). At country level, VGP is a member of professional organisations such as Bundesvereinigung Logistik (BVL) in Germany.

VGP in dialogue



Capital Markets

Conferences, meetings, calls with investors and analysts



Suppliers

Joint projects, Supplier due diligence, Forums and conferences



Networks and associations

Meetings and conferences as member of local and pan-European associations



Media

Press releases, Information events on new parks, Trade fairs



Business and Joint Venture Partners

New initiatives and Existing partnerships



Local Stakeholders

Personal meetings, Park visits, Neighborhood conversations



Civil Society and NGOs

One-on-one meetings, Answering questions



Employees

Idea Management, Internal Media



Clients

Meetings, Social Media, Trade Fairs



Commitments





3.1 Address Climate Change



VGP Park Giessen am Alten Flughafen, Germany

3.1.1 Climate Change Strategy

As part of its ESG strategy, the Group commits to cutting carbon emissions across its value chain. This commitment covers, in addition to its Scopes 1 and 2 emissions, the Group's Scope 3 emissions, including:

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

The Group's carbon reduction target between 2020 and 2030 breaks down into the following 3 complementary objectives:

- Reduce emissions from construction by -20% by 2030;
- Reduce emissions from other own activities by -50% by 2030; and
- Reduce emissions from energy consumption in buildings by -55% by 2030.

The carbon reduction targets of the Group cover all its activities, and all countries where the Group operates. In 2022, the Group's GHG emissions reduction targets have been submitted to the Science Based Targets initiative (SBTi), except the one for construction. SBTi confirmed our targets as consistent with levels required to meet the goals of the Paris Agreements.

- The targets covering GHG emissions from the Group's operations (Scopes 1 and 2) are consistent with reductions required to limit warming to 1.5°C, the most ambitious goal of the Paris Agreement; and
- The targets for the emissions from the Group's value chain (Scope 3) meet the SBTi's criteria for ambitious value chain goals, meaning they are in line with current best practices. Science-based targets are emissions reduction targets in line with what the latest climate science says is needed to meet the goals of the Paris Agreement: to limit global warming to well-below 2°C above preindustrial levels and pursue efforts to limit warming to 1.5°C.

In 2022, the Group introduced a commitment to cutting carbon emissions across its value chain by -20% between 2020 and 2030. Although it may appear a minor reduction, achieving these objectives involves the active participation of all the Group's employees within their areas of responsibility and the contribution of the Group's stakeholders in driving change, mainly tenants, suppliers and contractors. It relies on strong partnerships with established suppliers and start-ups in order to accelerate the pace of transformation, particularly in the fields of low-carbon construction and new sustainable mobility solutions. In 2023, the Group has been working on updating and securing all its carbon reduction trajectories and associated levers to consider, among other topics, both the latest internal methodologies and processes for carbon emissions calculations, and external decarbonation hypotheses (for transport, construction and operations). This work has been supported by external experts. Changes in carbon performance with regard to the targets is presented in section 1.2 Summary of the Group's ESG achievements.

3.1.1.1 Reduce emissions from construction by 20%

VGP is committed to significantly reduce its carbon emissions from construction on a broad scope. In concrete terms, reducing its carbon intensity by 20% between 2020 and 2030 means dropping from an average, of 507 kgCO₂ eq/m² constructed in 2020 to 405.6 kgCO₂ eq/m² on average based on a similar volume of square meters delivered by the end of 2030. In order to be better able to track the impact of actions required to deliver progress, the internal tool to calculate carbon emissions has been updated. Comparing the LCA calculations provided as part of BREEAM studies in various countries has shown that the BREEAM LCA guidelines are implemented differently in each country, this makes it difficult to compare achievements. Given the Group has a uniform building standard, in the new approach the weight is put more on specific improvement measures to reduce embodied carbons as opposed to be impacted by idiosyncratic location specifics for a certain project. The framework makes certain improvements for example a bearer structure built from wooden beams or columns (grown from responsible forestry), use of green steel or Eco-pact concrete as building materials to reduce impact of construction materials, or specific renewable energy initiatives to reduce the lifetime operating carbons. The new framework is based on the following three principals:

- Carbon Reference Pricing;
- Lean Building approach; and
- Circular economy solutions.

The Carbon reference pricing has been used on a mark-to-market reference price¹ and allows the Group to assess the economic implications or trade-offs for such things as risk impacts, net present value of new projects and the cost-benefit of various design alternatives and initiatives. For more information please refer to section 3.2.3 Construction materials.

3.1.1.2 Reduce emissions from tenant operations by 55%

When it comes to standing assets, VGP's carbon footprint consists mainly of GHG emissions from energy consumed by its tenants as part of the operation of its buildings. Achieving its ambitious target of reducing carbon emissions from operations by 55% between 2020 and 2030 draws on 2 levers simultaneously:

- Improving energy efficiency of the Group's assets. The Group pursues the objective of improving the energy efficiency of its assets by 45% (in kWh/m²) between 2020 and 2030. To achieve this improvement in efficiency, all of the Group's assets are to design and implement an energy efficiency action plan (see section 3.3.3 Energy management); and
- Completing a fast transition to renewable energies. VGP is committed to using 100% electricity from renewable energy sources ("green electricity") for the electricity consumption of its assets and push for this transition of its tenants.

Achieving this target, which has been approved by the SBTi in 2022, requires strong involvement of tenants. To accomplish this, the 2 levers of improving energy efficiency and transitioning to low-carbon energy sources are implemented, in cooperation with the tenants (specific green terms are added in lease contracts – see section 3.3.2 Green leases and tenant commitments). VGP's carbon performance with regard to the operations target is presented in section 1.2 Summary of the Group's ESG achievements.

¹ Aligned with EU ETS as per Dec 2022 Eur84.4/tCO₂



VGP Office Prague, Czech Republic

3.1.1.3 Reduce emissions from own operations by 50%

The target to reduce absolute GHG emissions from Scopes 1 and 2 (emissions from operations under the Group's control) by 50% between 2020 and 2030 reflects the Group's ambition to decarbonate its direct operations. This target is approved by the SBTi with a 1.5°C pathway alignment, the most ambitious goal of the Paris Agreement. The levers identified to reach the Group's carbon reduction target from operations are described in section 3.1.2.3 Focus on emissions from tenant operations. VGP's carbon performance with regard to the Scopes 1 and 2 target is presented in section 3.1.2 Carbon assessment.

3.1.1.4 VGP contributes to Global Carbon Neutrality

In addition to the Group's ambitious science-based targets, VGP is committed to contributing towards global carbon neutrality. EU Green Deal has set binding reduction targets for 2050 and announced a recommended 90% reduction target for 2040 as announced in February 2024¹. The Group is implementing initiatives across its value chain in order to achieve this objective, an integral part of this effort is the path towards carbon neutrality in the standing portfolio which is monitored through the CRREM tool (see section 3.3.4 Decarbonisation scenario's (CRREM)), but the group is also monitoring decarbonisation across its suppliers' value chain, specifically through quantifying and increasing "avoided emissions" for its partners, including carbon removals as close as possible to the Group's business.

¹ Delivering the European Green Deal – European Commission (europa.eu) and Recommendation for 2040 emissions reduction target (europa.eu)

3.1.2 Carbon assessment

3.1.2.1 Methodology

The method used for quantifying Group emissions is in line with the ISO 14064 standard, the GHG protocol guidelines and the Bilan Carbone® methodology of ADEME (Agence de l'Environnement et de la Maîtrise de l'Énergie, or French Environment and Energy Management Agency). The sources of emissions included in the Group's total carbon footprint are broken down per Scope and influence level in the table hereafter. The Group calculates its carbon footprint on an extended Scope 3 basis, which is outlined in this table, measuring the major indirect emissions across its entire value chain. To reflect the Group's business activities in the most accurate manner, including the interactions between the company and its stakeholders, Scope 3 has been further broken down into three categories:

- Scope 3 own offices and employees (under VGP's operational control);
- Scope 3 related to portfolio "in use": Responsibility of tenants that VGP can influence but does not control directly.
- Scope 3 related to development activities through embodied carbon

Scope 1	<ul style="list-style-type: none"> — Direct emissions from stationary combustion: gas and fuel consumption in VGP offices — Direct emissions from mobile combustion: fuel used for company vehicles — Direct fugitive emissions including leaks of refrigerant gas
Scope 2	<ul style="list-style-type: none"> — Indirect emissions linked to electricity and district heating in VGP offices and used to charge company vehicles (linked to energy production only)
Scope 3 – Own offices and employees	
Scope 3: Category 1 (purchased goods & services)	<ul style="list-style-type: none"> — Indirect emissions from paper usage in VGP offices (other purchased goods & services not considered)
Scope 3: Category 3 (indirect energy)	<ul style="list-style-type: none"> — Upstream emissions of purchased fuels and energy (extraction, production and transport of fuel, electricity)
Scope 3: Category 5 (waste on-site)	<ul style="list-style-type: none"> — Indirect emissions from waste at offices
Scope 3: Category 6 (business travel)	<ul style="list-style-type: none"> — Indirect emissions from employees' business travel (excluding company vehicles)
Scope 3: Category 7 (employee commuting)	<ul style="list-style-type: none"> — Indirect emissions from employees' commute from home to work (excluding company vehicles)
Scope 3 – Portfolio "in use" (tenant activities)	
Scope 3: Category 13: downstream leased assets	<ul style="list-style-type: none"> — Indirect emissions from energy consumption and fugitive emissions due to leaks of refrigerant gas/fluid in tenant's operations in VGP's standing portfolio
Scope 3 – embodied carbon in development activities (life cycle analysis)	
Scope 3: Category 1 (developments)	<ul style="list-style-type: none"> — Emissions caused over the life-time use of the assets created by the development activities, including materials used and indirect emissions caused by transport to site, as well as future usage of the building
Scope 3: Category 11 (Use of sold products – Life time maintenance)	<ul style="list-style-type: none"> — Emissions from the use of goods and services sold by the reporting company in the reporting year. A reporting company's scope 3 emissions from use of sold products include the scope 1 and scope 2 emissions of end users. End users include both consumers and business customers that use final products.
Scope 3: Category 11 (Use of sold products – Energy)	<ul style="list-style-type: none"> — Emissions from the use of goods and services sold by the reporting company in the reporting year. A reporting company's scope 3 emissions from use of sold products include the scope 1 and scope 2 emissions of end users. End users include both consumers and business customers that use final products.
Scope 4 (total avoided emissions elsewhere)	<ul style="list-style-type: none"> — Emissions avoided elsewhere when renewable energy is injected into the grid and therefore used as a substitute for grey energy elsewhere, fulfilling the same functions but with a lower carbon intensity

GHG emissions are expressed according to the "Market based" and "Location-Based" method.

3.1.2.2 Results: Group carbon footprint

GHG emissions are preferably expressed according to the “Market-Based” method (suppliers’ emissions factors) in order to highlight the efforts made in selecting the Group’s energy suppliers. However, to take into account the expectations of various stakeholders, results are also expressed according to the “Location-Based” approach (countries’ emissions factors) in this section. Further in the document, all results related to GHG emissions are presented according to the “Market-Based” method, unless explicitly stated otherwise. The carbon footprint for 2020 is the baseline for tracking the carbon-related objectives of the Group’s own operations as well as tenant operations and development activities.

Emissions: market/location based (in tCO₂)

	FY 2020	FY 2021	FY 2022	FY2023 ¹
Scope 1	841	852	926 ²	<u>924³</u>
tCO ₂ /FTE	3.5	2.7	2.5	2.5
Scope 2 – market-based	105	127	8	17⁴
tCO ₂ /FTE	0.4	0.4	0.0	0.0
Scope 2 – location-based	127	107	113	144
tCO ₂ /FTE		0.4	0.3	0.4
Total Scope 1 and 2	946	979	934	942
tCO ₂ /FTE	3.9	3.2	2.6	2.6
Scope 3 – own offices and employees	1,039	942	1,302	1,063
tCO ₂ /FTE	4.3	3.1	3.6	2.9
Category 1 (paper use)	4.9	2.7	3.0	2.7
Category 3 (indirect energy)	39.4	235.9	230.0	231.3
Category 5 (waste)	4.7	2.0	2.0	0.7
Category 6 (business travel)	210.6	541.9	861.0	682.4
Category 7 (employee commuting)	98.4	159.3	206.0	145.5
Total Own offices and employees	1,984	1,921	2,238	2,004
tCO ₂ /FTE	7.9	6.3	6.1	5.5
Scope 3 – portfolio “in use” (category 13: downstream leased assets)	67,456	68,251	87,261	104,863⁵
kgCO ₂ /m ²	27.6	22.1	20.3	21.2
Scope 3 – embodied carbon developments (cat. 1 + cat. 11)	269,223	297,686	538,260	313,172
kgCO ₂ /m ²	507	457	472	489
Total Scope 3	337,718	366,879	626,823	419,097
Total GHG emissions	338,663	367,858	627,757	420,039
Total avoided emissions (so called “Scope 4”)	(4,305)	(6,314)	(7,328)	(21,083)

1 The underlined values were subject to limited assurance

2 Change compared to prior reported figure due to entities that had wrongly been allocated a grossed up heating fuel amount.

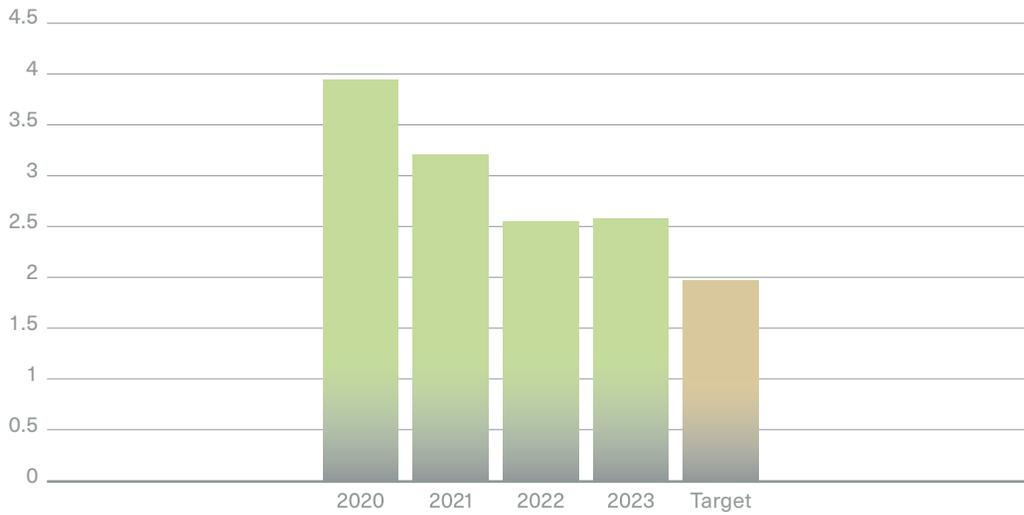
3 Considerations for the evaluation of the scope 1 emissions: Scope 1 is set up in accordance with the GHG protocol and reflects the fuel use and district heating used for the heating of VGP offices and the fuel use of the company cars. The Scope 1 emissions that come from fuels used for heating and are calculated in accordance with the GHG protocol. For Austria, Denmark, France, Latvia, Luxembourg, Serbia and Slovakia the fuel use has been based on extrapolation. The extrapolations were made by making an average between Romania’s, Belgium’s and The Netherlands’s VGP office surface and natural gas consumption. The remainder of Scope 1 emissions come from the emissions of company cars. To calculate the emissions from company cars the KM’s driven (estimates derived from lease contracts or employee statements) and the used liters of fuel consumed were used. One extrapolation was made to come to the fuel use of the company cars in the Seville office in Spain. The extrapolation was made by multiplying an average of other sites that have evidence, and the number of employees of the respective site. The 0,2% decrease y-o-y on the one hand reflects the transition in the car fleet from a fuel based fleet to an electrical or hybrid car fleet. This effect is offset by the increase of emissions that come from office heating, this increase is mainly caused by increase of 15% surface area of the offices.

4 Considerations for the evaluation of the scope 2 emissions (Market based & Location based): Scope 2 is set up in accordance with the GHG protocol and reflect the emissions from the electricity consumption in the offices and the electricity used to charge the electric company cars. The Scope 2 emissions that reflect the energy consumption of offices are calculated in the following manner: For the calculation of the total emissions, extrapolations were made for the offices in Austria, Denmark, France, Latvia, Luxembourg, Portugal (Lisbon) Serbia, and Spain (Madrid, Sarragosse, Seville). The extrapolation was made based on surface area of the offices multiplied by an average that was calculated based on all the other offices that have evidence for their consumption. The Scope 2 emissions that reflect the electricity used for electric vehicles have been calculated without the use of extrapolations. In 2023 VGP saw a significant increase in the amount of EV’s in the company’s fleet. As the VGP Offices have a PPA for green energy, the kWh amounts charged at office charging facilities have been included under this arrangement and are considered to use green energy. The 27% y-o-y increase in the location based scope 2 emissions is explained by the 25% increase in energy usage compared to the 2022 period (the 15% increase in office size being a main driver together with office charging of the EV fleet). Another minor driver for the increase in location based emissions are the y-o-y changes in emission factors. The 13% increase in market based scope 2 emissions is caused by the increase electric vehicles and their charging outside of the office facilities. The kWh’s charging are considered to be grey energy.

5 Considerations for the evaluation of the Scope 3, Category 13 emissions: The emissions in this category consist of Indirect emissions from energy consumption and fugitive emissions due to leaks of refrigerant gas/fluid in tenant’s operations in VGP’s standing portfolio. The 20% YoY increase of emissions can be explained due to a ca. 13% growth of the m² in the portfolio combined with part of the portfolio that was delivered at the end of FY22 being taken in full use over FY’23. The total amount of buildings considered in the 2022 sample was 197 and in 2023 there were 222 buildings considered. From this 222, 91 buildings used full or partial extrapolations for the Fuel use and 42 buildings used full or partial extrapolation for the Electricity use. The extrapolations are based on the averages per industry segment that have been determined out of the available data for the applicable year. We have identified the following segments: Industrial: Non-refrigerated warehouse, Industrial: Refrigerated warehouse, Industrial: Manufacturing, Office: Corporate: Low-Rise Office, Other: Parking (Indoors). For further details on the evolution of the tenant in – use emissions please refer to section 3.1.2.3

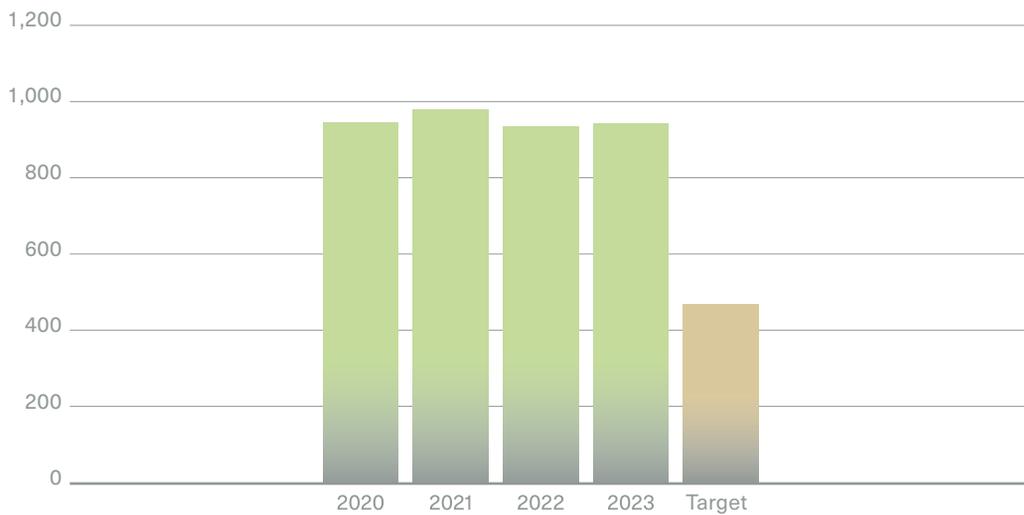
Scope 1 and 2 emissions' intensity has reduced by 34% since 2020:

Scope 1 and 2 emissions per employee (tCO₂/FTE)

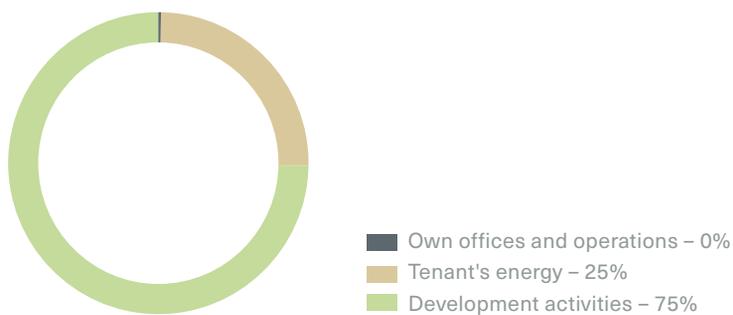


Due to the significant growth of the organisation since 2020 the total emissions have only reduced by 4 tCO₂e despite the intensity reduction of 34%.

Total Scope 1 and 2 emissions (in tCO₂)



Breakdown of the Group's carbon footprint by activity



3.1.2.3 Focus on emissions from tenant operations

The Group has a target of reducing GHG emissions from its tenants' operations by 55% between 2020 and 2030. To manage the carbon performance of the operational activities in VGP parks, the Group has set indicators to measure the intensity of GHG emissions per area (m²) for each of its operated VGP Parks. The Group has been able to collect 67% of the relevant electricity and fuel consumption data from its tenants, and for the remainder of the areas the data has been grossed-up, taking into account the type of occupation/tenant activity for its warehouse. This makes it possible to analyse a building's overall carbon efficiency on a comparable basis, depending on its purpose and scope. Due to an acceleration of the data collection process, the percentage of data collected was lower than in previous years (see section 3.3.3 Energy Management for further information).

In 2023, the carbon intensity linked to the energy consumption (Scope 3) of the Group's standing portfolio (CO₂ eq/m²) decreased by 23% compared with 2020 even though compared to 2022 the carbon intensity increased by 27% on a like-for-like basis. This increase was mainly due to a significant increase in the grey electricity intensity factor. The weighted average grey electricity intensity factor across Europe increased by 29% year-over-year (see table below) driven by grey electricity intensity factors for 2023 being based on 2022 spike in coal and fossil fuel use, even though some of this reversed during 2023¹. For the VGP portfolio, this increase was partially offset by lower gas usage (due to transition to heat pumps) and transition to renewable energy sources.

GHG emissions from energy consumption of standing assets (Tonnes of CO₂ Eq)²	
Change vs 2020 base year	(22) %
2023 Total	104,863
Like-for-like change 2023 (72,763 tCO ₂ eq)/2022 (54,022 tCO ₂ eq)	27 %
<i>For reference: 2023/2022 grid electricity carbon intensity change³</i>	<i>29 %</i>

The grid factor is expected to adjust downward over the year 2024 and the transition towards electricity between renewable sources under the photovoltaic investment plan is expected to continue contributing to a reduction in grid consumption, with newly delivered warehouses typically at least partially powered by electricity from renewable energy generated on site (see Section 3.3.3 Energy management).

Other than GHG emissions from the energy consumption of its buildings, the main item of the Group's direct GHG emissions related to the operation of its buildings is from the leakage of refrigerants from cooling appliances maintained by the property managers of sites owned and/or managed by the Group.

GHG emissions from energy consumption of standing assets (Tonnes of CO₂ Eq)	
2023 GHG emissions linked with refrigerant losses	1,357

1 Germany's coal power production drops to lowest level in 60 years in 2023 | Clean Energy Wire

2 These emissions are expressed based on emission factors for each source of energy using the "market-based" method of the GHG protocol, according to which these factors depend on the type of energy consumed (electricity, natural gas, etc.), the country, the supplier and the nature of the energy product (energy from fossil fuels or renewable sources). These are specific factors associated with the contractual commitments between the supplier and property manager which do not necessarily reflect emissions from energy delivered by the grid but valorise and focus on the production and purchase of energy that is certified as generated from renewable sources.

3 Based on VGP portfolio weighted variation of estimation factors for grey electricity over the whole portfolio – using grid mix data from IEA and estimation factor from Ecoinvent (source: Southpole).



VGP Park München, Germany

3.1.2.4 Focus on embodied carbons in development projects

In 2023 the embodied carbon calculations have been recalibrated based on a broader sample methodology, where previously the Group reported embodied carbons for 2020 in total of 274,439 tCO₂, this has been recalculated to 269,223 tCO₂. As a result, the intensity reduced from 517 kgCO₂/m² to 507 kgCO₂. Given the base line has been reduced the target for the Group for 2030 has also been reduced accordingly: where previously the Group needed to reduce to 413 kgCO₂/m² is now a reduction required to 405 kgCO₂/m², assuming the same level of construction activity.

Since 2020, the Group has achieved a reduction of 5% in terms of intensity. Due to the higher levels of construction completions in 2023 compared to 2020 has resulted in an absolute increase in emissions of 16%. The year 2021 saw the lowest level of carbon intensity which was driven by efficient buildings delivered including buildings delivered in VGP Park Laatzen, VGP Park Magdeburg, VGP Park Göttingen and VGP Park Nijmegen. The year 2022 benefited from efficient carbon projects delivered in VGP Park Graz (part wooden bearer structure), VGP Park Laatzen (including now DGNB Platinum certified building “GERLAA – A”), buildings in VGP Park München and additional buildings in VGP Park Magdeburg. 2023 saw, whilst carbon reduction initiatives get more broadly implemented (example projects in VGP Park Giessen am Alten Flughafen, VGP Park Erfurt and VGP Park Roosendaal) also a mix shift skewed towards Eastern European buildings which on average still have a higher carbon footprint.

	FY 2020	FY 2021	FY 2022	FY2023
Scope 3 – embodied carbon developments (cat. 1 + cat. 11)	269,223	297,686	538,260	313,172
<i>kgCO₂/m²</i>	<i>507</i>	<i>457</i>	<i>472</i>	<i>489</i>
Category 1	109,680	140,258	245,218	134,327
<i>kgCO₂/m²</i>	<i>207</i>	<i>215</i>	<i>215</i>	<i>210</i>
Category 11	159,543	157,428	293,042	178,845
<i>kgCO₂/m²</i>	<i>300</i>	<i>241</i>	<i>257</i>	<i>279</i>



VGP Park Magdeburg-Sülzetal, Germany

3.1.3 Climate risk management and adaptation to climate change

The Group's Risk Management Framework is presented in Chapter "Risk Factors". Sustainability risks were identified at Group level (see section "Risk Factors"); this section presents a detailed analysis of the climate change risks for the Group.

On top of addressing climate change mitigation (see section 3.1.1 Climate change strategy), the Group's ESG Strategy also addresses climate change adaptation through the resilience of VGP's assets to climate change. The Group targets 100% of its development projects to include long-term climate risk assessment and planning, and for 100% of its standing assets to include a climate change risk plan. The effects of climate change on VGP's portfolio will vary depending on the region and the asset. The scale and severity of changes will determine the extent of the impact, as will factors such as age, location, construction methods, asset operational efficiency, local infrastructure quality and capacity.

In 2022, the Group commissioned its first climate change risk assessment study covering all standing assets as well as the development pipeline. In line with TCFD recommendations, this study covered both transitional (policy and legal, technology, market) and physical risks (chronic ones: precipitation, temperature, drought and sea level rise) and was based upon IPCC scenarios RCP4.5 and RCP8.5, with different time horizons: Short term 2030, Medium term 2050 and Long term 2100. The methodology for physical risks was based on assessing each existing asset with exposure, sensitivity and adaptive capacity grades to end up with a final physical vulnerability score. The methodology for transition risks was based on local surveys and data collection from specific asset locations.

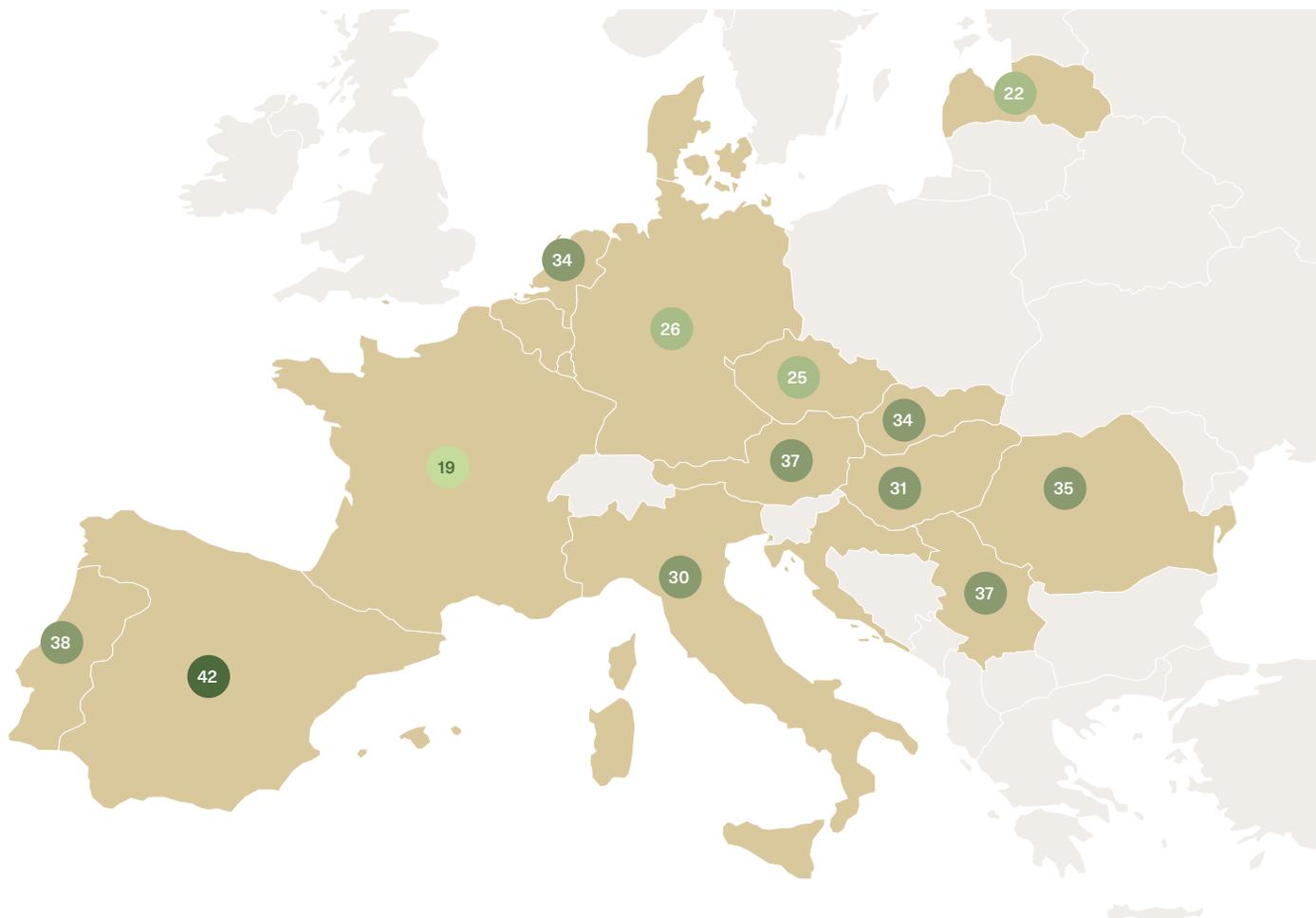
3.1.3.1 Physical risks

In 2023, the Group completed a study of both its standing assets and development projects using the Blue Auditor’s Climate Risk tool which is based on Moody’s Real Assets Physical Climate Risk & Corporate Facility Operations Risk product to assess exposure to physical risks. The study is compliant with the EU Taxonomy requirements (see “Adaptation to climate change” paragraph in section 4.1.3 VGP Share of aligned activities) and brought to the Group an updated perspective of the risk level, relying on state-of-the-art climate modelling. In addition, assets’ visits have been conducted on the most exposed assets to evaluate more precisely the impact curves of the potential risks considering the details of the asset (topography, localisation of the technical equipment, existing resilience solutions already in place, etc.).

Climate change physical exposure risk at asset level based on RCP 8.5 and RCP 4.5 by 2050

Hazard	Metric	Scenario	# Parks	GLA (JVs at 100%)	GAV (JVs at 100%)	Regions most affected
Fluvial (River) and pluvial (Rainfall) flooding	1 in 100-year return period > 0	8.5, 2050 (undefended)	10	4.6 %	6.6 %	Asset specific, including broader Ruhr/Rhine area, Po river delta
Sea level rise	“High” and “Very High” Risk	8.5, 2050	0	0 %	0 %	Sea level flooding risk low/no risk across regions
Drought Stress	“High” and “Very High” Risk	8.5, 2050	19	9.7 %	9.3 %	Iberia, Romania
Heat Stress	“High” and “Very High” Risk	8.5, 2050	25	15.4 %	12.9 %	Hungary, Italy, Spain, Romania, Croatia, Serbia
Wildfire risk	“High” and “Very High” Risk	8.5, 2050	2	0.7 %	0.7 %	Asset specific

The table above shows the modelled climate change physical exposure risk metrics and outcomes based on percentage of floor area and rental value at risk based on the worst-case scenario (RCP 8.5, 2050). The assessment report and data above do not consider any asset specific development or refurbishment mitigation cycles. As part of our sustainable development objectives, assessments are carried out prior to development and adaptation measures, including but not limited to those listed below, are carried out accordingly. The map below highlights the average climate risk assessment (CRA)-score (0-100/low-high) based on a “desktop” assessment per park with average scores based on the summary findings per hazard category as listed in the table above.



Implemented adaptation measures to address these risks include the incorporation of green spaces, rainwater harvesting and sustainable drainage systems to reduce the risk of flooding, access to natural light in the buildings, and the provision of infrastructure for active mobility and public transport. Additionally, measures to improve the energy efficiency of buildings and the use of renewable energy sources can also help to reduce the risk of heat stress – in Spain and Italy all new buildings are therefore fitted with photovoltaic installations and heat pumps which help to provide additional cooling in summer. The buildings are designed to provide a comfortable and healthy indoor environment, taking into account factors such as ventilation, thermal comfort, and indoor air quality.

It is important to note that climate risk analysis and adaptation measures are an ongoing process, as the impacts of climate change are constantly evolving and new risks may arise over time. Therefore, it is important for companies to regularly review and update their climate risk analysis and adaptation measures to ensure that they are effectively addressing the latest climate-related risks. This includes monitoring the performance of the building, gathering feedback from tenants and evaluating the effectiveness of the adaptation measures, and making adjustments as necessary.

Risk	Adaptation Technique
Drought Stress and Heat Stress	<ul style="list-style-type: none"> — Rainwater harvesting systems for building use and landscaping — Water efficient fixtures in line with EU Taxonomy regulations — Thermal modelling undertaken and orientation/ window positioning of the building reviewed — Onsite renewable energy generation installed in combination with heat pumps (which can be used for additional cooling) — External planting to provide shade, brise soleil, louvers, window tinting
Fluvial (River) and pluvial (Rainfall) flooding	<ul style="list-style-type: none"> — Flood risk assessment to be carried out on development or retrospectively — Wadi's, ponds or basins (retention measures)

This update of the climate change risk assessment enabled VGP to have a clear view on the future risks of climate change for its portfolio.

3.1.3.2 Transition risks

We work with our stakeholders (see section 2.2.4 Stakeholder Engagement) to monitor, assess and prioritise emerging climate change transition risks. We judge materiality with reference to two main risks: the environmental and reputational risk of failing to meet our carbon emission reduction targets and the financial risk of building redundancy or being unable to lease our buildings.

We believe that there are three main climate change transition risks with the potential to impact the Group financially:

- **Environmental legislation:** legislation surrounding the sustainability performance of commercial and non-commercial real estate is likely to tighten in the future as the EU pursues its commitments under the European Green Deal and Paris Agreement. We expect this to take the form of regulations but also increasingly some form of carbon tax to encourage the use of lower carbon materials and processes. The primary financial risk relates to our ability to rent out our buildings if they fall below emerging environmental legislation. This drives our determination to improve the energy performance of our portfolio both in new development and through refurbishment, measured primarily by increasing the floorspace rated B or better by Energy Performance Certificates.
- **Client behaviour and preference:** our tenants, particularly our largest, international clients, increasingly expect their premises to display high levels of energy efficiency. Energy efficiency not only reduces the operating costs of the building but also helps them with their own environmental and carbon reduction targets. The primary financial risk relates to the appeal of our buildings to tenants if they are below acceptable levels of energy efficiency and wider environmental sustainability. We are addressing this risk through improving the EPC ratings of our portfolio, increasing the amount of on-site renewable energy generation, offering off-site renewable energy through our regulated renewable energy utility business units, and improving the sustainability credentials of our developments.
- **Access to capital:** investors are increasingly discriminating between investment opportunities based on sustainability credentials. The primary financial risk relates to reduced availability and higher cost of capital for companies which do not show strong performance and/or progress in this area. Through our joint venture model, the Group is continuously “in the market” for selling assets to its own joint ventures. The appeal of our assets rests on an adherence to the latest ESG standards of the entire portfolio. Furthermore, under our Green Finance Framework, we have issued € 1.6 billion of Green “Use of Proceeds” bonds since 2021.



VGP Park Pilsen, Czech Republic

3.1.3.3 Climate change strategic planning and decision making

In terms of decision making, we consider climate-related issues within the following time horizons:

- Short term: up to 12 months, in line with the annual budget setting carried out;
- Medium term: up to 5 years, in line with the Medium-Term Planning carried out by the Group;
- Long term: up to 20 years, in line with capital investment appraisal cash flows. For the LCA calculation we also assume a 20-year life span for our newly developed properties.

VGP performed its update of the CRREM study (Carbon Risk Real Estate Monitor) in 2023 to analyse stranding risks across its portfolio and mitigating measures. The results are presented in section 3.3.4 Decarbonisation scenarios (CRREM). Furthermore, and on the short time horizon, the Group complies with regulatory requirements in each country regarding flooding risks, water management, and drainage systems for exceptionally heavy rainfall.

Regarding development projects, specific requirements including the realisation of a study on adaptation to climate change covering physical risks, comfort and energy efficiency topics are already integrated in the Sustainability Brief (see section 3.2.1 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 and safety 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, etc.

3.1.3.4 Climate-related financial disclosures

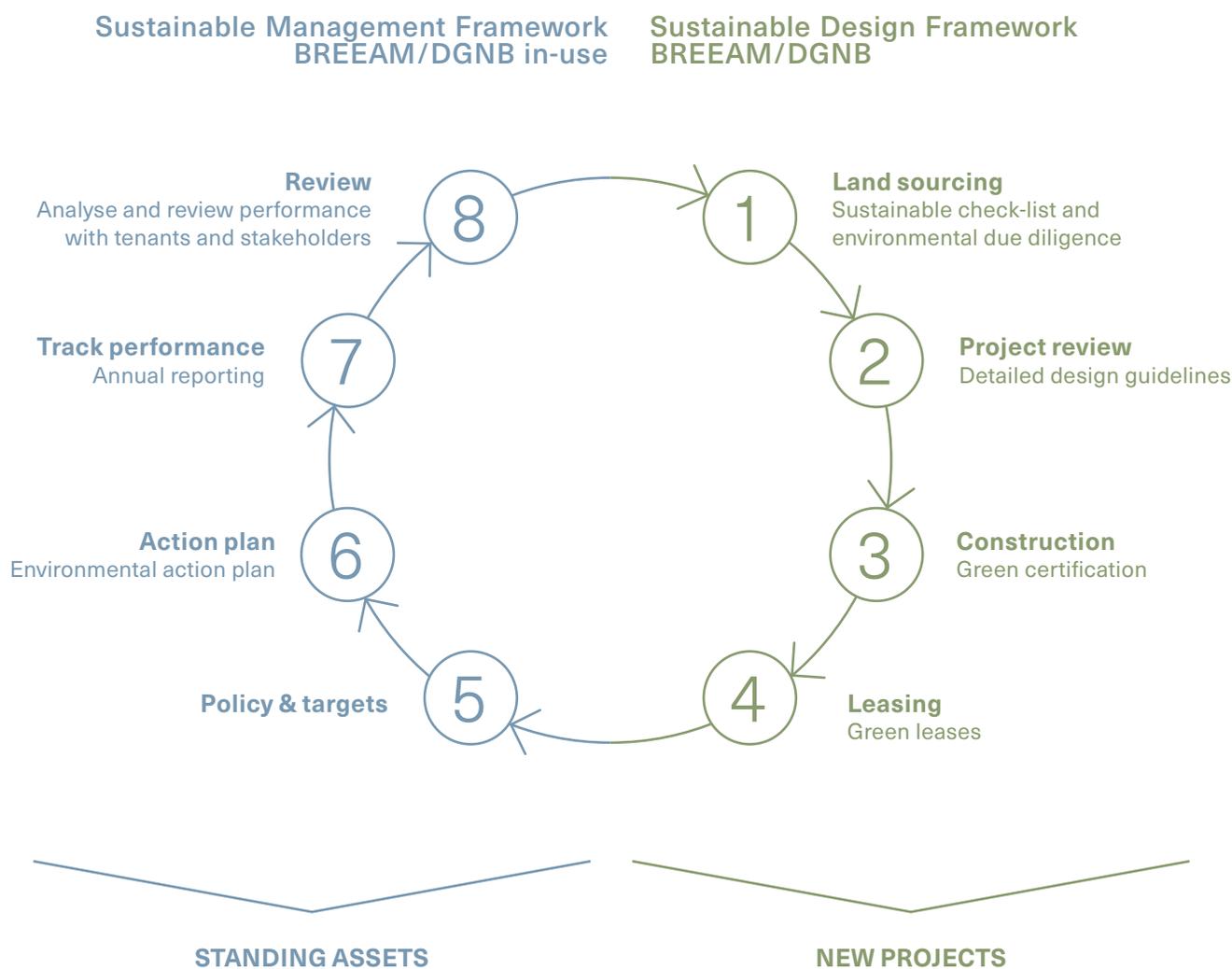
To enable our stakeholders to consider and compare our reporting, we contribute to a number of externally recognised initiatives including GRESB and CDP, and we also disclose metrics in line with externally-recognised frameworks including Global Reporting Initiative (GRI) and the EPRA Best Practices Recommendations on Sustainability Reporting (see section 1.2.4 Alignment with ESG reporting standards and frameworks for further details). In order to ensure that we also report on those issues that we can have a direct impact upon, we use our materiality assessment to identify the key metrics that are material to the business. Below are the climate-related metrics and targets which we monitor. Those in **bold** are incorporated into the ESG factor of the annual bonus of all employees.

Financial item	Climate-related	Metric	2023	Narrative	Section reference
Assets	Physical – operational	Portfolio at risk of 1 in 100-year flood (% of GAV with JVs at 100%)	6.6 %	New metric based on analysis conducted in 2023	3.1.3.1 Physical risks
Assets	Transition – operational	EPCs rated below E (based on gross lettable area)	0 %	Since 2023 no asset with EPC score of below E	4.2.5.2 Green buildings
		EPCs un-rated (based on number of assets)	20.6%	Un-rated space does not necessarily mean low rating; various have PV roof (will require new EPC rating); also includes parking houses and buildings in development with EPC certificate pending	
		EPCs rated B or better (based on number of assets)	48.3%	Indicative anticipated CAPEX investment of	
Assets	Transition – development & market risk	Portfolio with high environmental certification (BREEAM Excellent or better (or equivalent)) (“Green portfolio”) – € amount	€ 1.86 billion	Comprises the building portfolio which is allocated to the Green Financing Framework (under Framework eligible portfolio also includes BREEAM Very Good assets and comprises €3.7 billion)	3.2.2 Environmental certifications
Liabilities	Transition – development & market risk	Percentage of net borrowings (incl JVs at share) classed as Green Financing under the Green Finance Framework	56 %	VGP issued € 1.6 billion in green bonds under the Green Finance Framework	4.2 Green bonds
		Green finance instruments as % of the green portfolio (including joint venture assets at share)	41 %	Green finance instruments should not exceed the total green portfolio	
CAPEX	Strategic risk/ GHG emissions	Visibility: % of portfolio for which energy data is available	67 %	New lease template since 2021 includes green clause for data sharing; many existing clients have no obligation to share data	3.3.2 Green leases and tenant commitments, 3.3.3 Energy Management
		Visibility: % of completed developments for which LCA analysis is available	78%	Growing use of Life Cycle Assessment within the business ensure that we have good visibility of embodied carbon in development and we can target areas for reduction	3.2.1.1.2 Considerate construction charter
		Embodied carbon intensity (kgCO _{2e} per sq m of development space)	489	Based on updated embodied carbon assessment – based on life cycle of the buildings	3.1.2 Carbon assessment
		Photovoltaic investments – spent or committed on projects completed or under construction	€ 108 million	A further €63 million to be spent on pipeline projects – total 270.5 MWp	3.3.3.5 Renewable energy procurement and production. 4.2.3 Current allocation of green bond proceeds
Revenues	Transition – market risk	Solar power generation – FY2023 (GWh)	46 GWh	Includes circa 2 GWh of solar energy not generating income. Production for 2024 is expected to exceed 85GWh	3.3.3.5 Renewable energy procurement and production
		Solar power generation – annualised incl. pipeline (GWh)	244 MWh		
		Solar power generation as percentage of tenant electricity consumption	23 %	Including PV pipeline projects the coverage increases to 109%	
		Gross revenues from renewable energy	€ 4.4 million	Revenue generated from selling renewable energy to tenants of VGP Parks, energy sold into the grid or PV installations leased by tenants	

3.2 Sustainable Properties

3.2.1 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 as well as future fungibility.



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 follow the link to VGP ESG policies and guidelines on: <https://www.vgp-parks.eu/en/sustainability/>

3.2.1.1 Sustainable Construction

3.2.1.1.1 Transition to a circular economy in construction projects

From the materials sourced to construct the building to the water required for bathroom facilities and greenery, logistics and semi-industrial sites use natural resources. Predominantly, today's logistics real estate sector is designed on the linear "take-make-waste" concept. VGP wants to change this. In order to be compliant with the EU Taxonomy Do No Significant Harm – Transition to Circular Economy criterium the Group is transforming its approach to circular economy concepts defined by 8 principles, see also the following VGP Circular Economy chart.

With regards to the "Continuous Material Cycles", in 2022 the Group introduced a target in-line with the applicable DNSH requirement for Construction of New Buildings under EU Taxonomy of at least 70% (by weight) of the non-hazardous construction and demolition waste generated at site to be processed for reuse or recycled or otherwise recovered. This requires strict waste monitoring at construction sites, as well as an implementation of improvement opportunities and execute best practice activities in order to: eliminate final waste and pollution, keep products and materials in use, and reduce the primary material consumption. The Group is leveraging its relationships with construction materials suppliers to raise their awareness of sustainable construction and influence behaviour change towards circular economy practices. In 2023, the Group reached its target of recovering 70% of waste in 88% of the construction sites monitored. In 2024, VGP will work towards more projects being monitored, more ambitious waste management and continue to engage its suppliers in sustainable practices.

	2023
Share of waste monitored development projects that have at least 70% of waste recycling (material recovery)	88%
Number of development projects that comply with at least 70% of waste recycling material recovery (% of all projects delivered in 2023)	7 (29%)

In addition to limiting the waste generation and facilitating reuse and high-quality recycling during construction works, the Group also aims to ensure the building design and construction technology support the circular economy by making the building resource efficient, adaptable, flexible and dismantlable.

When considering products and materials, VGP applies the BREEAM or DGNB certification standard to promote resource efficiency and lower emissions. The products are easier to maintain, reuse and recycle and must have an eco-label and/or lower environmental impact (such as PEFC™ or FSC®-certified timber). Throughout all stages of the building life cycle, preference is always given to suppliers with certified environmental management systems. See also the section 3.2.1.1.2 Considerate Construction Charter.

3.2.1.1.2 Considerate Construction Charter

Since 2022 the Group's Considerate Construction Charter is applied to all greenfield/brownfield construction projects. It describes the Group's requirements and recommendations intended to optimise its worksites' environmental quality while minimising pollution for the contractors working on site, the neighbouring area and the natural environment. The Considerate Construction Charter includes the following requirements:

- Using 100% of timber for development, extension and renovation projects from certified, sustainably managed forests with PEFC™ or FSC® certification, including for works;
- Providing information to people living nearby and limiting traffic disruptions;
- Informing contractors and employees of construction companies of applicable HSE rules;
- Ensuring proper management of risk;
- Managing and limiting noise and visual pollution, as well as the risk of soil, water and air pollution; and
- Monitoring resources to reduce resource consumption.

	2023
Number of development projects that implement a Considerate Construction Charter	100%
Share of development projects that implement a Considerate Construction Charter	100%
Delivered projects completed a life cycle embodied carbon assessment (LCA)	78%

3.2.1.1.3 Pollution prevention

Moreover, the Group ensures that the action plans and preventative measures are implemented by contractors during construction. The table below lists the annual monetary expenses for soil decontamination/site remediation and volumes that have been detoxified.

Soil pollution and site remediation	2022	2023
Monetary expenses for soil decontamination/site remediation (€-million)	5.1	2.3
Volume that has been detoxified/handled (metric-tonnes)	14,900	3,723

3.2.1.1.4 Health and safety on work sites

The construction contractors are contractually required to make the necessary provisions for site safety and comply with the relevant Health and Safety legislation. The contractor's teams develop the technical requirements provided to contractors within the tendering process. These include specific safety requirements, as well as the applicable Health and Safety standard a successful bidder must comply with. Tender submissions that do not comply with the technical requirements and the applicable Health and Safety standards are disqualified from the tendering process. During the construction phase, site health, safety and security is continuously monitored by the construction contractor's teams. Health and Safety Coordinators are appointed in all countries where the Group is active. They are employed by the contractor, with a principal function of coordinating health and safety matters between the various stakeholders. Health, Safety and Environment (HSE) audits are conducted on a continuous basis.



LEVERAGED BY DIGITAL TECHNOLOGY



HOLISTIC URBAN PLANNING



GUIDED BY SYSTEMS THINKING



SUPPORT HUMAN WELL-BEING AND NATURAL SYSTEMS



INTEGRATED INFRASTRUCTURE SYSTEMS



FLEXIBLE PRODUCTIVE BUILDINGS



DESIGN FOR MAINTENANCE AND DECONSTRUCTION



CONTINUOUS MATERIAL CYCLES

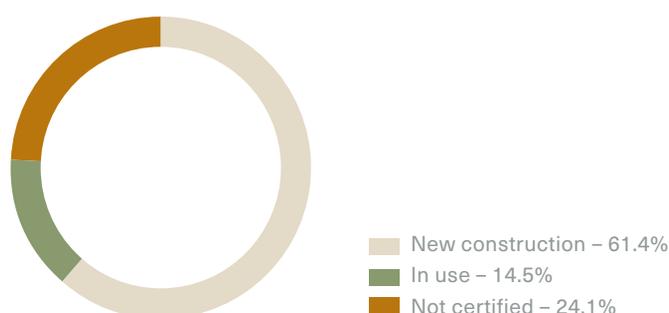


3.2.2 Environmental certifications

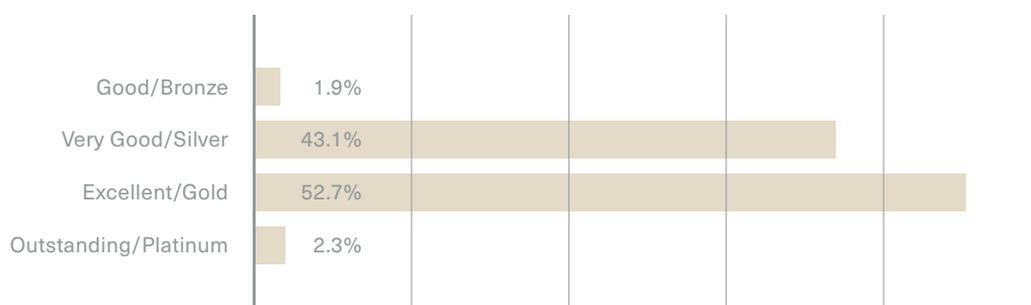
VGP, as part of its strategy for development projects, targets an environmental certification for all of its new greenfield/brownfield construction projects: DGNB (Deutsche Gesellschaft für Nachhaltiges Bauen) in Germany and Austria and BREEAM for the other countries. VGP aims to achieve a minimum level of “Gold” (DGNB) for its development projects in Germany and Austria, and for the other countries “Excellent” (BREEAM) versus minimum required BREEAM Very Good. Higher environmental certifications are obtained, when relevant to the tenant. In addition to securing the “Excellent”/“Gold” level under BREEAM/ DGNB respectively, all projects need to undertake a technical and economic feasibility study to reach the BREEAM “Excellent” or DGNB “Gold” level respectively. Coverage of BREEAM and DGNB environmental certification of standing assets and assets under construction in number of assets and gross lettable area:

2023	Number of assets certified	Number of assets in process of obtaining certificate	Certification coverage ¹	
			% (in number)	% (in m ² GLA)
Total certified warehouses	76	88	66.1%	75.9%
of which at least Excellent/Gold	24	42	26.9%	33.9%

Coverage of environmental certifications in operation and development within the Group's total standing assets and assets under construction (in m² of gross lettable area)



Breakdown of the Group assets by environmental certification level (in m² of gross lettable area)



¹ Excludes recently acquired brownfield sites identified for demolition



VGP Park Hochheim, Germany

3.2.3 Construction materials

3.2.3.1 Reducing carbon impact of construction materials

As part of its commitment to reducing its construction carbon footprint by 20% between 2020 and 2030, the Group focusses on the choice and use of the materials for its development projects. In order to be better able to track the impact of actions required to deliver progress, the internal framework to evaluate carbon emission reduction initiatives has been updated. The new framework aims to make certain improvements easier to evaluate from a cost and carbon perspective, for example a bearer structure built from wooden beams or columns (grown from responsible forestry), use of green steel or Ecopact concrete as building materials to reduce impact of construction materials, or specific renewable energy initiatives to reduce the lifetime operating carbons. The new framework is based on the following three principals, Carbon Reference Pricing, Lean Building approach and Circular economy solutions:

Carbon Reference pricing

Carbon reference pricing in new project yield calculations. The Internal Carbon Pricing scheme is a shadow price which allows the Group to apply carbon prices¹ in its strategic and operational decision making around new projects. It enables the Group to assess the economic implications or trade-offs for such things as risk impacts, net present value of new projects and the cost-benefit of various design alternatives and initiatives.

¹ In 2023 project evaluations the pricing was aligned with EU ETS as per Dec 2022 € 84.4/tCO₂



VGP Park Laxenburg, Austria

Lean Building approach

To achieve the Group's reduction targets it is critical to provide project management the levers to implement viable low-carbon alternatives through a "lean building" approach from the design phase using fewer materials, through optimised design choices: structure, fixtures and fittings, façades, ceilings, number of parking spaces, etc.

This can be achieved by using new solutions for construction and choosing alternative and low-carbon materials, such as low-carbon concrete and cement, wood and recycled products, as well as selecting suppliers and products based on their location and place of manufacture, respectively. Our procurement and our innovation team are developing targeted partnerships with construction firms and manufacturers of building materials for the implementation of innovative solutions

To secure the ESG Strategy commitments regarding construction activities, the Group has created a Sustainability briefing package for development projects, to lead the development teams from the very beginning of the design phase to the delivery of development projects. It contains three parts:

- The Group Sustainability Brief, gathering all the specific requirements for development projects (brownfield, greenfield, refurbishments, renovations and extensions) to be in line with the Group's ESG Strategy; and
- The 10 Golden Rules for sustainable construction, which set the right mindset and directions for the development teams to integrate sustainability topics in projects. The Sustainability guidelines for development projects have been approved in 2022 and are rolled out throughout the Group. The sustainability performance of the development projects is closely monitored during key project reviews thanks to a dedicated assessment tool and focuses on the Group's commitments towards low-carbon construction and the compliance with the EU Taxonomy criteria for building development (see section 4.1.3 VGP Share of aligned activities).

- The Group also offers specific trainings for the development and construction managers to help them better understand the technical requirements of the Group's Sustainability guidelines and new regulations around low-carbon buildings. VGP's carbon performance with regard to the construction target is presented in section 1.2 Summary of the Group's ESG performance.

Specifically, it involves:

- Adopting a "lean material construction" approach right from the design phase (structure, façade, false ceilings, fixtures and fittings, etc.);
- Using new solutions and optimised low-carbon materials (low-carbon cement and concrete, bio-sourced materials, recycled materials, etc.). For example, at a building delivered last year in VGP Park Graz, 162 Glulam timber beams were installed with a span of 12 to 17 metres for the roof, allowing for an 11,000 square metre building. This choice guarantees a reduction in material transport costs by assembling the beams on site and a more sustainable building.
- Asking subcontractors to put forward alternative solutions with low carbon content; and
- Adopting a purchasing policy that includes criteria for the carbon content of products and construction materials (requiring environmental and Health and Safety certification – Environmental Product Declarations).

Circular economy building materials solutions

Circular economy solutions can also lead to carbon savings, through material reuse for example as defined in the VGP 10 Golden Rules for sustainable construction which is, together with the Considerate Construction Charter, part of the VGP Building White Book and shared with our contractors. See also section 3.2.1.1 Transition to a circular economy in construction projects.

3.2.3.2 Responsible supply chain

Further to the research project as described in the previous section for which discussions were held with various suppliers to better understand and reduce the embodied carbon footprint of materials used, VGP is committed to ensuring responsibility in its upstream supply chain (development activities). The Considerate Construction Charter specifies that 100% of timber used in development, extension and renovation projects must be from certified, sustainably managed forests with FSC or PEFC certification. Besides, as part of the certification process (prerequisite for BREEAM and optional for DGNB), the sourcing of wood used during construction is verified and validated. The Group aims to obtain "post-construction" final certification according to the BREEAM or DGNB standards for all projects.

All contractors are asked to abide by the terms of the Considerate Construction Charter. Also, in all its contracts, the Group requires the contractors to do their best efforts to reduce the carbon footprint of the project and the design project managers are asked to pay closer attention to this contractual requirement.

3.2.4 Comfort, health, well-being and productivity for users of buildings

Comfort and well-being issues are a determining factor in our technical and architectural choices for development of the office as well as warehouse spaces (e.g. façades, sky lights, interior finishes of offices, canteens and other amenities, heating, ventilation and air-conditioning equipment, lighting, occupant control methods, etc.). The VGP Environmental Management System (available on our website) and VGP Building White Book provide steps on how to achieve comfortable and safe spaces, based on thermal comfort, visual comfort, acoustic comfort and interior air quality.



Construction works at VGP Park Riga, Latvia

3.3 Improve eco-efficiency



VGP Park Hrádek nad Nisou, Czech Republic

3.3.1 Environmental management system for existing assets

The EMS is implemented across the whole owned and joint venture portfolio. This pragmatic and dynamic EMS, based on an environmental continuous improvement approach (ISO 14001), ensures that the Group is able to meet its annual and long-term targets and supports VGP's continuous improvement for each area covered by the Group's ESG policy. This includes climate change adaptation and sustainable resource use. It completes the development projects' EMS, as part of the overall policy of managing the environmental quality of the Group's assets throughout their life cycle. For more information on the Group's EMS see section 3.2.1 Environmental Management System.

3.3.2 Green leases and tenant commitments

Since 2023 a clause has been added to the first version of Green leases which includes, in particular, the obligation to sign a supply contract guaranteeing that electricity is procured from renewable sources. This clause was updated from the green lease clause which has been included in all standard new lease contracts since 2021. This initial policy of promoting "Green leases" already aimed at improving tenants' ESG performance during the operation phase through a set of requirements, including fit-out, operation and reporting requirements. The approach continues to be based on dialogue, information, and sharing of best practices, encourages the tenants to play a role in the environmental performance of the assets which they occupy. As well as contributing to lower operating costs through decreasing energy and utilities consumption and improving waste management, this change in behaviours is helping the Group and its stakeholders to prepare for increased constraints on resource management (regulation, availability, etc.).

In that respect, already since 2021 and ahead of all existing regulations, all new leases and renewals signed with tenants have had environmental clauses. These first versions of Green leases cover those aspects that are most relevant to improve tenants' environmental behaviours and performances, such as commitment to sharing energy consumption data, commitment to reviewing ways to improve energy efficiency and reduce net dependency through photovoltaic developments, and intention to discuss measures to save energy and water and sort waste. Indeed, meeting the Group's reduction target of its carbon footprint from operations requires strong involvement of tenants, given the scale of their electricity use (see Section 3.1.2 Carbon assessment).

To accomplish this, the two Group levers of improving energy efficiency and transitioning to renewable energy sources are implemented across the portfolio, in cooperation with the tenants. The table hereafter shows the penetration rates of the latest applicable green lease version across the Group assets, both for standing assets and pipeline projects. The penetration rate of green leases signed in 2023 is 90.7% Group-wide.

Green lease clause	2023
Number of new lease contracts signed with green lease clause	48
% of rental income of total new leases signed during the year	90.7%
% of green leases among total active leases at year end	23.3%

Tenants are also being onboarded on the topic of responsible resource consumption through the organisation of periodic on-site reviews, during which environmental performances of an asset are presented and discussed with the tenants, to raise awareness and encourage behavioural changes as well as the implementation of operational improvements.

3.3.3 Energy management

The Group targets, in its ESG strategy, to improve the carbon emissions caused by the tenants' usage of its warehouses by 55% by 2030, compared with a 2020 baseline. As part of its operational management process of environmental performance, the Group measures improvements in its energy efficiency by tenant industry segment against these targets: progress and results are disclosed in Section 1.2 Summary of the Group's ESG achievements.

To reach its targets in terms of energy efficiency, the Group has formalised a dedicated energy management policy, whereby assets are required to define their energy management action plan, setting the operational path towards reaching the objective, with levers identified at country as well as asset level to improve energy efficiency and their gradual implementation schedule. This policy also underlines energy optimisation best practices and sets the approach to define renewable energies action plans as well as sets requirements on green electricity purchasing. As a result, in 2023 the following steps have been taken:

- green clause in new lease contracts has been updated to include a green electricity procurement requirement to tenants (see section 3.3.2 Green leases and tenant commitments),
- implementation of a new group-wide energy consumption and production monitoring system (see section 3.3.3.3. Energy consumption – portfolio),
- advancement of the roll-out of smart meters (see section 3.3.3.3. Energy consumption – portfolio),
- the application of local renewable energy subsidiaries for status as a regulated energy trader to be able to more effectively offer green electricity to our tenants (see section 3.3.4.1 CRREM retrofit and improvement actions), and
- investments in the existing portfolio to improve energy efficiency (see section 3.3.3.3. Energy consumption – portfolio).

3.3.3.1 Energy consumption

Energy consumption data have been quality reviewed as well as carbon emissions calculations presented below have been third-party validated by CO2Logic based on GHG protocol and compliant ISO 14064.

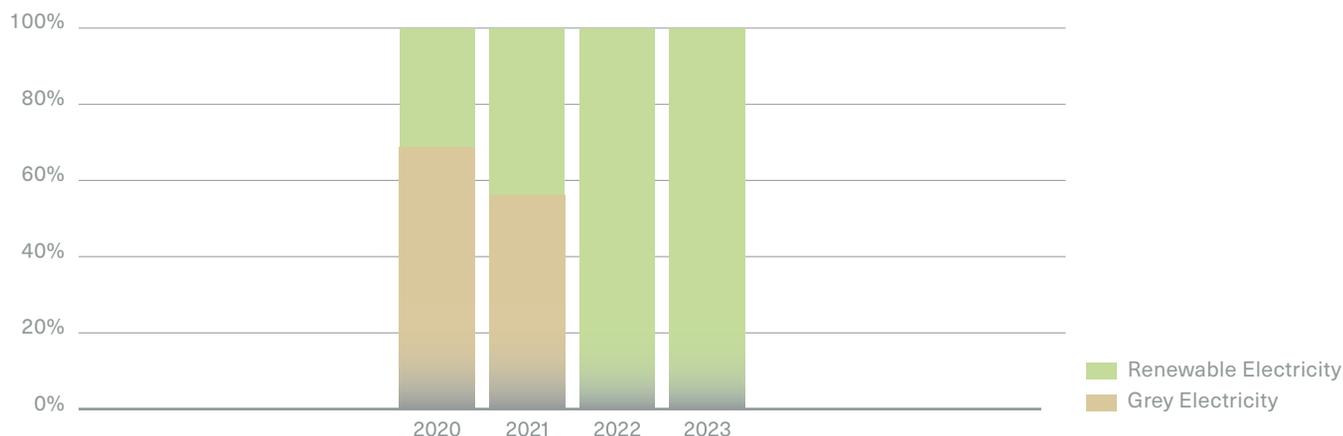
3.3.3.2 Energy consumption – own organisation

Energy consumption within the own organisation						
Energy Data	2019	2020	2021	2022	2023	% change YoY
Gas (GJ)	166	187	293	404	462	15%
Grey Electricity (MWh)	276	286	244	—	—	—
Renewable Electricity (MWh)	135	130	191	380	478	26%
Fuels (diesel and gasoline) GJ	23,226	15,164	12,880	13,846	13,508	-2%
E-Charging (MWh)	n/a	n/a	13	21	76	264%
Total energy GJ	24,386	16,848	13,905	15,693	15,963	2%
Total energy MWh	6,774	4,680	3,863	4,359	4,434	2%
Total energy consumption per FTE (MWh/FTE)	33.9	19.4	13.2	12.4	11.8	-4%

Energy consumption efficiency of the Group's own operations has undergone significant changes over the course of the last 5 years. Whilst the organisation has grown from 220 employees at the start of 2019 to 368 employees in December 2023, the total energy consumption per employee has decreased over the same period by 65% to an average energy consumption of 11.8 MWh/FTE. This is predominantly driven by a shift to more clean and efficient gasoline powered vehicles and plug-in hybrid vehicles and since 2022 to full battery-powered vehicles. Since FY2022 the Group has switched to renewable electricity for the use of its own offices. The impact of this switch is discussed in the Carbon Assessment (section 3.1.2).

As of 1 January 2022, a pan-European power purchase agreement (PPA) went into effect allowing the entire VGP office portfolio to switch to renewable electricity. The PPA purchases renewable electricity from the 4.8MWp photovoltaic installation on VGP Park Roosendaal and makes this green electricity available to the various entities within the Group across its operations – either by delivering this electricity directly or through the transfer of the green certificates of origin.

Electricity mix of VGP own offices



3.3.3.3 Energy consumption – portfolio

Optimisation strategy

The energy consumption optimisation strategy for the portfolio is built upon selective eco-efficient retrofits, green leases, energy management and renewable energy policies based on the following pillars:

- Daily optimization of operations. Digital technology and changing consumer expectations have set the stage for new solutions. A key development in 2023 has been the deployment of Deepki energy optimization platform across the countries of operations. Deepki facilitates emissions monitoring and management to reduce the carbon footprint of real estate assets
- Technical improvement of the equipment, including retrofit from gas-powered heating to electrical heat pumps, installing smart meters and LED lighting at refurbishment
- Offering renewable energy solutions to our tenants, including tailor-made roof-fitted photovoltaic installations for self-consumption and off-site green energy contracts offered through our own energy trading activities leveraging photovoltaic installations elsewhere in the group
- Improving the intrinsic quality of our new developments, including the installation of heat pumps instead of gas-powered heating as standard where feasible



Green lease contracts – annual consumption and efficiency improvement review



Installing heatpumps instead of gas-powered heating



Offer renewable energy through roof-fitted photovoltaic installations



Retrofitting of standing portfolio

Annual portfolio energy consumption reporting

In order to be able to more accurately assess energy efficiency improvements as well as compare year-over-year changes in energy consumption it is important to understand the actual tenant activity. The table below reflects the utility data for the VGP portfolio over FY2023. The classification system used is aligned with the GRESB segment reporting. The majority of our buildings have a logistics, non-refrigerated usage with limited to no manufacturing activities (classification “Industrial non-refrigerated warehouse”). For assets where manufacturing activities do take place (classification “Industrial: manufacturing”) the electricity and water consumption is typically 2.5x as much and gas usage 2x higher. A warehouse for logistics purposes but with cooling facilities typically performs in between these two categories (see table below for details). The classification office (“Office: Corporate: Low-Rise Office”) is only used for those buildings which have a dedicated pure office usage. For offices inside warehouses no separate consumption is reported (consumption is included as part of the warehouse data).

VGP extrapolates known data for the reporting year to ensure completeness and provide a more accurate carbon intensity figure. Due to current data collection processes, it is not always possible to collect a full 12 months of data from all the tenants and estimation is required using extrapolation techniques.

Data coverage for 2022 utility data is 81% for electricity, 82% for fuel and 87% for water. For 2023 not all utility bills have yet been collected and at date of publication of this report the data coverage is 67% for electricity, 67% for fuel and 65% for water. Utility consumption in portfolio (split by segmentation according to GRESB¹)

Property occupational use (GRESB)	Standing and Completed portfolio		Electricity consumption (kWh/m ²)		Fuel consumption (kWh/m ²)		Water consumption (litre/m ²)	
	Number of assets	Gross floor area (m ²)	Average	Median	Average	Median	Average	Median
Industrial: Non-refrigerated Warehouse	133	3,045,188	17.29	14.09	8.40	9.69	50.00	40.79
Industrial: Refrigerated Warehouse	18	394,371	66.00	62.15	15.27	17.39	102.21	87.9
Industrial: Manufacturing	62	1,369,468	102.32	38.01	14.31	21.85	118.14	82.57
Office: Corporate: Low-Rise Office	3	79,387	54.38	46.86	n/a	n/a	395.89	261.34
Other: Parking (Indoors)	3	55,123	6.55	7.93	n/a	n/a	n/a	n/a
Total	219	4,943,537	45.20	16.97	10.36	14.71	78.03	54.52

¹ See Appendix 3a of the GRESB reference guide – The GRESB property type structure follows a three-level hierarchy where a Property Sector is composed of multiple Property Types, further refined into multiple Property Sub-Types. The Property Sub-Type (level 3) is used for benchmarking purposes (https://documents.gresb.com/generated_files/real_estate/2023/real_estate/reference_guide/complete.html#property_types_classification)

Average Energy & GHG intensity per country and asset class												
Country	AT	CZ	ESP	DE	HU	IT	LAT	NED	PT	RO	SK	Total
Standing and Completed portfolio	3	49	21	90	12	7	4	6	3	15	9	219
Data coverage	84%	98%	83%	41%	82%	100%	100%	100%	100%	94%	96%	68%
Industrial: Non-refrigerated Warehouse												
<i>Energy intensity (kWh/m²)</i>	19.2	25.6	23.2	21.8	26.5	35.1	40.5	18.5	9.4	50.6	27.5	25.7
<i>Carbon intensity (kgCO₂ eq/m²)</i>	3.6	10.1	3.2	7.2	5.9	10.1	6.3	5.6	0.0	16.0	4.9	7.5
Industrial: Refrigerated Warehouse												
<i>Energy intensity (kWh/m²)</i>	n/a	109.6	78.5	65.6	177.4	n/a	n/a	80.8	n/a	70.8	n/a	81.3
<i>Carbon intensity (kgCO₂ eq/m²)</i>	n/a	51.7	11.8	26.2	43.4	n/a	n/a	14.3	n/a	17.4	n/a	26.2
Industrial: Manufacturing												
<i>Energy intensity (kWh/m²)</i>	36.6	244.1	132.8	34.2	175.3	n/a	67.0	n/a	n/a	86.6	88.7	116.6
<i>Carbon intensity (kgCO₂ eq/m²)</i>	4.4	123.7	24.1	14.0	42.0	n/a	11.2	n/a	n/a	27.3	15.9	49.8
Office: Corporate: Low-Rise Office												
<i>Energy intensity (kWh/m²)</i>	n/a	n/a	n/a	55.9	n/a	38.2	n/a	n/a	n/a	n/a	n/a	54.4
<i>Carbon intensity (kgCO₂ eq/m²)</i>	n/a	n/a	n/a	26.5	n/a	10.1	n/a	n/a	n/a	n/a	n/a	25.2
Total												
<i>Energy intensity (kWh/m²)</i>	26.6	149.0	43.5	29.2	109.7	35.3	47.6	34.7	9.4	56.2	51.4	55.6
<i>Carbon intensity (kgCO₂ eq/m²)</i>	6.9	185.6	9.0	17.9	59.3	10.9	10.4	10.6	0.0	21.3	15.1	34

Energy consumption within the portfolio

Total energy consumption – portfolio (MWh)	FY 2020	FY 2021	FY2022	FY 2023	% change YoY
Total renewable energy produced on-site	14,894	24,156	27,662	50,712	83.3%
<i>Of which renewable energy consumed on-site</i>	1	3,646	3,858	4,539	
<i>Green energy purchased from grid</i>	—	4,169	9,610	4,672	
Total green energy consumed	1	7,815	13,468	9,211	(31.6)%
Total grey electricity purchased from grid	137,501	161,904	214,345	214,727	
Total electric energy consumed	138,412	169,719	227,814	223,938	(1.7)%
<i>KWh/m²</i>	57	55	53	45	
<i>Kilo CO₂/KWh</i>	0.37	0.31	0.33	0.42	
Grey electricity emissions (tCO₂)	50,871	53,435	75,806	94,295	24.4%
Gas – Total fuel consumed from grid	83,695	73,643	58,281	51,805	(11.1)%
<i>KWh/m²</i>	34	24	14	10	
Fuel emissions (tCO₂)	15,499	13,624	10,782	9,584	(11.1)%
Total energy consumption	222,107	243,362	286,095	275,743	
<i>KWh/m²</i>	91	79	67	56	
Renewable Energy: produced and sold to grid	13,983	20,510	23,804	46,173	94.0%
tCO ₂ “elsewhere avoided” (scope 4) ¹	4,305	6,314	7,328	19,442	

1 Assuming the same carbon intensity as the average VGP-weighted carbon intensity for grey electricity for the year

Like for like energy consumption	FY2020	FY2021	FY2022	FY2023	Change YoY
2020 base year					
Electricity	110,638,126	118,137,794			6.8%
Gas	37,465,023	37,585,975			0.3%
2021 base year					
Electricity		146,376,023	158,234,854		8.1%
Gas		52,036,372	43,533,754		(16.3)%
2022 base year¹					
Electricity			164,547,921	171,132,099	4.0%
Gas			46,258,518	37,300,737	(19.4)%
Energy intensity (kWh/m²)			74.25	73.41	(1.1)%

The energy consumption both in absolute level as well as intensity have decreased in FY2023 compared to FY2022. The overall energy intensity of the comparable assets decreased by 1.1% year over year.

Particularly the gas consumption in the portfolio has decreased (19.4% like-for-like YoY). The decrease in the consumption of gas is supported by the implementation of the heat pump instead of gas-powered heating and by a general consciousness and willingness to reduce gas consumption due to price volatility. Electricity consumption remained relatively stable – slight decrease (1.7%) in total consumption and increase in like-for-like consumption (4.0%). The electrification in general and heat pumps particularly are contributing to increasing electricity consumption. Low energy consumption in the buildings delivered in 2023 also contributed, as well as impact of classification of buildings without energy consumption data available – the effect of classification is visible in table “Energy and GHG Intensity per country and asset class”.

The initiatives to invest in moving sensors in tenants' offices, refurbish existing portfolio through a switch towards LED-lighting and smart metering investments are well underway and are expected to help reduce like-for-like electricity consumption (see section 3.3.2 Green leases and tenant commitments for additional details and section 4.2.3 Current allocation of green bond proceeds for further financial information on this initiative).

3.3.3.4 Renewable energy procurement and production

Renewable energy procurement

Following the transition of the Group's own offices to 100% renewable energy as of 1 January 2022, the Group is aiming to accelerate the transition of its tenant-controlled energy contracts towards sourcing electricity derived from renewable sources (“green electricity”).

In Germany, the Group started to provide own produced green electricity or alternatively green electricity purchased from wind farms through PPA contracts since 1 January 2024, as a result for all German assets for which VGP is contractually in control of energy delivery are all transitioning towards green electricity, in first instance this will transition circa 8 GWh, or 3.7% of total electricity consumption, from grey to green electricity. A similar model will be introduced in Romania later this year and other countries will follow. Since 2023 lease contracts signed with tenants include an updated green lease clause requiring tenants to procure green electricity for their operations. For those lease contracts that do not benefit from such clause, VGP can still influence the decision indirectly through (i) providing insight into CO₂ footprint, (ii) providing energy saving options which are economically viable and (iii) offering renewable energy generated through own facilities at economically attractive terms.

¹ Gross lettable area available for '22/'23 like-for-like: 2,839,264 m² (65% of total completed portfolio as of Dec-22)



Prof. Dr. Armin Willingmann, Deputy Prime Minister of the state of Saxony-Anhalt and Minister for Science, Energy, Climate Protection and the Environment and VGP CEO Jan Van Geet on the roof of VGP Park Magdeburg-Sülzetal. The single-roof solar system measures 10.27 MWp

VGP recognized as first real estate company in Germany to receive the status of a regulated energy supplier

Magdeburg, Germany / 15 January 2024

At the inauguration of Germany's second largest single-roof solar system at VGP Park Magdeburg-Sülzetal, Prof. Dr. Armin Willingmann, Deputy Prime Minister of the state of Saxony-Anhalt and Minister for Science, Energy, Climate Protection and the Environment and VGP CEO Jan Van Geet came together to recognize the achievement of obtaining a regulated energy supplier status which enables VGP to allocate green energy more efficiently to the needs of its tenants and on a national scale throughout Germany.

The initial implementation of the green electricity contract involves 35 German assets supplied with green PPA for an estimated annual volume of 8 GWh.

As such, the Group targets, as part of its ESG strategy, to:

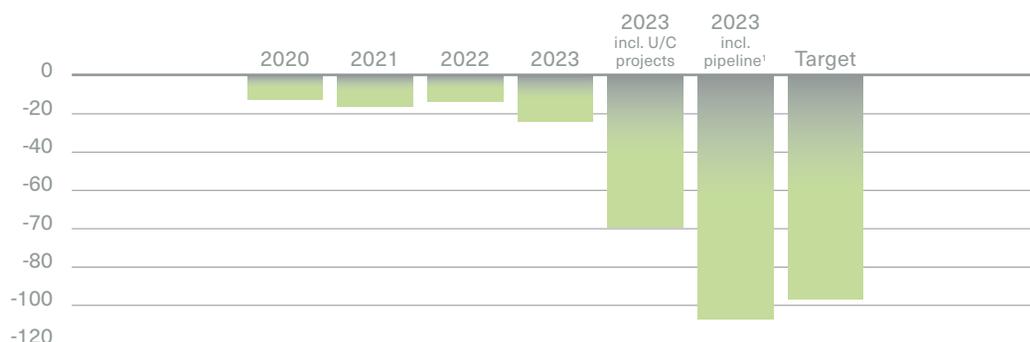
- Multiply its installed capacity of on-site renewable energy by 2025, compared to 2020 and offer the energy generated preferably to tenants at attractive terms;
- Source 100% electricity from renewable sources for those assets the Group is in control; and
- Intensify the green lease campaign with older lease contracts being adjusted to the 2023 version of the green lease contract (requiring green electricity procurement).

The share of renewable electricity in the overall tenant electricity consumption was 6 % in 2022 and 4 % in 2023. Including the self-consumption PV pipeline projects the share of renewable electricity consumption in 2023 would increase to 21%. The tenant portfolio will gradually transition to green electricity procurement at the latest upon the inclusion of the enhanced green lease clause at contract renewal.

Production of renewable energy

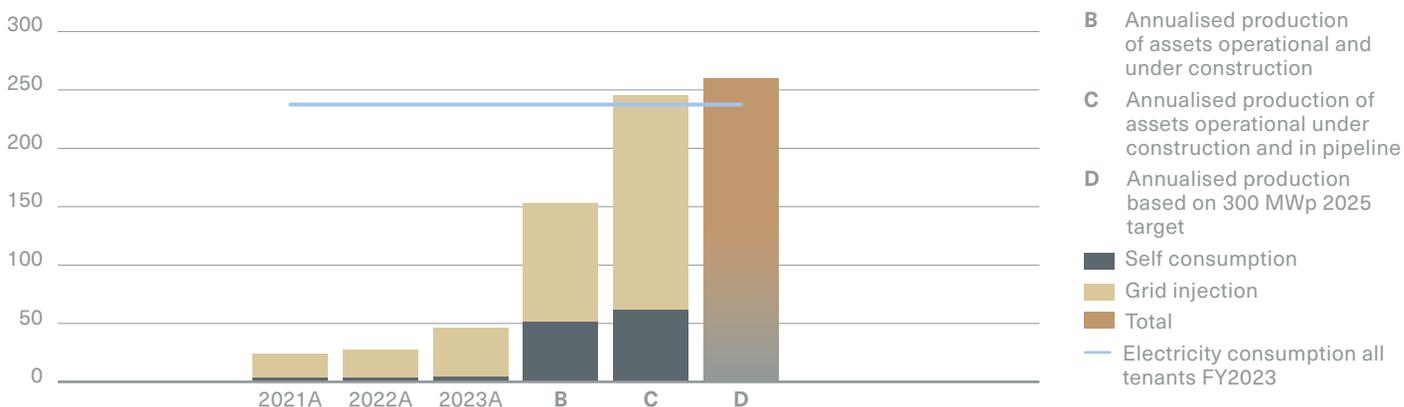
Since 2019, the Group has been rolling out a solar photovoltaic installation program across its portfolio to generate electricity on site. The installed capacity of the Group's systems has continued to increase. In 2023, new solar panels were installed across the portfolio. In total, there are 84 solar panel installations operational across the portfolio. The total installed renewable energy capacity of the Group's assets in 2023 is 101.8 MWp (compared to 56.6 MWp at Dec 2022) with a further 32 projects with a power of 69.0 MWp under construction and 93 projects, with 99.7 MWp power, in pipeline projects. The renewable electricity produced by the Group is either self-consumed to meet our tenant's energy needs or sold to the grid. In FY2023, the total solar energy production equalled 21% of total electricity consumed but once the photovoltaic projects currently under construction are fully operational the solar power production capacity will equal 68% of total electricity consumption. Once the target of PV projects is considered the additional renewable energy generated equals 109% of total electricity consumed. This would in theory mean that VGP should be able to operate all tenants at 100% renewable electricity however due to discrepancy in time (when solar power is generated vs when tenants consume energy) and location (some parks have more photovoltaic installation than needed for their tenant consumption, others less) the dependency on external renewable energy delivery contracts will remain imperative. Furthermore, due to contractual obligations (some tenants may prefer to continue to use an existing grey-energy providing utility) the Group within its portfolio is expected to continue to consume grey energy for the foreseeable future, with on-site produced renewable energy sold into the grid instead.

Renewable energy produced as % of total electricity consumption



The total on site production of renewable electricity at the Group's assets and breakdown between energy sold and self-consumed is as follows:

Renewable energy production (GWh)



¹ Includes the envisaged production of VGP Park Moerdijk which has been sold after YE2023

Renewable energy production (MWh)	Self-consumption	Grid injection	Total
2021A	3,646	20,510	24,156
2022A	3,858	23,753	27,611
2023A	4,539	46,173	50,712
Annualized production of assets operational and under construction	51,640	101,016	152,656
Annualized production including projects in pipeline	62,039	183,319	245,358
Annualized production based on 300 MWp 2025 target			260,000

PV roll out (KWp)

Country	Existing	UC	Pipeline	Sub-total
Austria	0.0	0.0	2.6	2.6
Croatia	0.0	0.0	0.0	0.0
Czech Republic	0.0	3.8	0.4	4.2
France	0.0	0.0	12.1	12.1
Germany	78.1	58.0	55.1	191.3
Hungary	0.0	0.0	0.6	0.6
Italy	0.5	5.1	9.7	15.3
Latvia	0.0	0.0	0.5	0.5
Netherlands	22.5	0.0	9.0	31.5
Portugal	0.0	0.0	0.2	0.2
Romania	0.1	2.0	1.6	3.7
Serbia	0.0	0.0	1.2	1.2
Slovakia	0.0	0.0	1.5	1.5
Spain	0.6	0.0	5.1	5.7
Total	101.8	69.0	99.7	270.5

3.3.4 Decarbonisation scenarios (CRREM)

The Carbon Risk Real Estate Monitor (CRREM), an EU-funded research project established in 2018, is helping real estate owners like VGP understand the financial risks to our portfolio in relation to various decarbonisation scenarios.

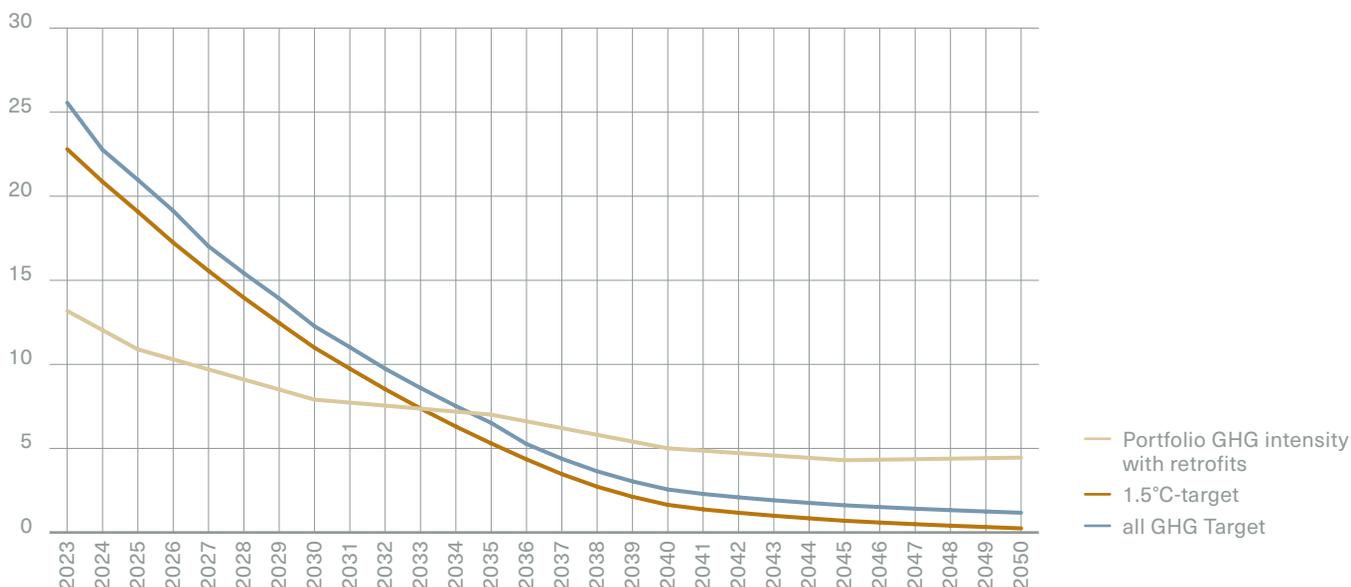
Since 2021, VGP has conducted an annual CRREM analysis of its entire portfolio in order to understand stranding profile of the various sub-portfolios across countries and analyse improvements scenarios, including energy efficiency operations, switch to electric heating (heat pumps) instead of gas-powered heating and optimisation of investments into renewable energy production facilities.

The latest CRREM as conducted in 2023 was completed based on the following assumptions:

- Results based on CRREM Tool v 2.03 (as published 18 April 2023)
- Results are based on actual energy consumption data of VGP portfolio over FY 2022
- For those assets energy consumption data is not available for full year the results are based on extrapolation
- Extrapolations and GHG factors obtained limited assurance from auditor review
- Buildings under construction have been excluded
- Grid consumption and injection has been adjusted for current photovoltaic projects under construction and annualized contractually agreed renewable energy consumption by tenants based on the assumption that only 60% of energy can be provided for by photovoltaic (simultaneity analysis of production vs consumption)

Based on the FY2022 reported utility data only 7% of the portfolio is above the pathway with a projected stranding year of 2029. If the 2023 planned photovoltaic roll-out is completed the portfolio, based on gross asset value, is majority 1.5°C-compliant until 2040, with a GHG stranding year of 2033.

Average Portfolio GHG Intensity vs. Paris Targets (GHG Intensity [kgCO₂e/m²/yr])



CRREM performance reflecting current PV projects in pipeline

3.3.4.1 CRREM retrofit and improvement actions

Several portfolio improvements effect on the stranding year have been analysed further:

- Since 2022 the Group invested significantly in energy saving LED lighting, heat pumps, moving detectors and sun protection for offices and smart meters.
- Since 1 Jan 2024, implementation of the green electricity contract for 35 German assets supplied with green PPA for an estimated annual volume of 8 GWh which is effective.
- No more gas powered heating with effective refit of existing portfolio gas heating installations (replaced with heat pumps): 1.5°C-pathway stranding year improves to 2034
- Green energy procurement requirement in new or renewed lease contracts: a majority of portfolio assets is 1.5°C-compliant until 2050 and GHG compliance improves to 2039 (no effect on energy intensity). The portfolio will gradually improve to this score over time as new contracts are signed or existing contracts are being renewed
- Combination of all measures, results in a portfolio which is fully GHG 1.5°C-compliant

Once contracted renewable energy projects are developed, the VGP portfolio stranding year is expected to extend to 2040.



CRREM – stranding year	2022	2023
GRESB submission (based on actual renewable energy production in reporting year)	2027	2029
Based on renewable energy contracted projects	2040	2033 ¹
Implementation of all retrofit and portfolio improvements actions	1.5°C-compliant	

Improve buildings' energy efficiency

Since 2022 the Group invested significantly in energy saving LED lighting, heat pumps, moving detectors and sun protection for offices and smart meters. These refurbishments and new investments in 102 buildings have amounted to ca. € 41 million in spending. These investments have resulted in energy consumption savings amounting to 35.3 GWh or 2.054 tCO₂.

Avoided energy consumption and emissions	2023
Avoided energy consumption (MWh)	35,317
Emission factor (tCO ₂ /MWh)	0.058
Avoided emissions (tCO ₂)	2,054

Since 2022, the energy action plans are also integrated in the CRREM Group portfolio analysis. This allows the Group to benchmark and compare energy actions proposed by the Group's countries and to allocate resources efficiently on the most impactful actions to reduce the energy impact and optimize the CRREM score of the portfolio.

¹ Year over year the score has been negatively impacted by a change in the CRREM Tool calculation method. The CRREM Tool version 2.03 (published April 2023; SBTi-aligned) no longer gives GHG stranding benefit to assets for excess renewable energy exported (instead of used for self-consumption)

Heat pumps roll-out and retrofit

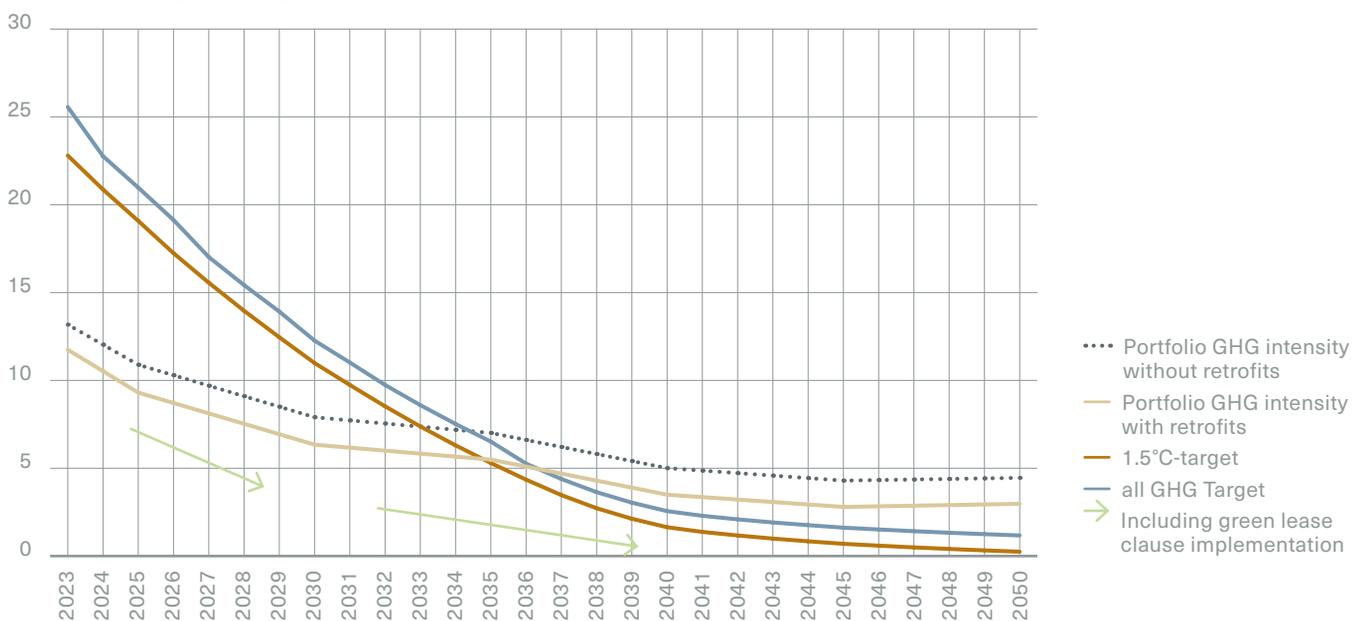
The Group has implemented a new construction policy for heat pumps as standard means for heating (as opposed to gas powered heating) since the beginning of 2022. As of today circa 15 % of assets has heat pumps installed and circa three-quarter of the portfolio still use gas powered heating. For these assets to be converted to air heat pump based heating system a total investment of circa € 80 million would be required.

Green energy procurement and VGP as regulated energy provider

The Group is since 1 January 2024 a regulated energy company in Germany. The Group is soon expected to receive a similar status in Romania. In these markets the Group will be able to use its own photovoltaic installations to supply green electricity to its assets, albeit applicable only for those assets where VGP is controlling the energy procurement or for those assets where tenants decide to participate.

The implemented PPA in Germany results in effected assets becoming 1.5°C-compliant and the overall portfolio 1.5°C-pathway stranding year improving by circa 3 years once all German assets (for which VGP delivers energy) are fully electricity provided for through the aforementioned PPA. Furthermore, based on lease contracts expirations with renewals and new leases containing the Group green lease clause the overall portfolio will over time shift to only green energy procurement. The green lease clause and energy provider status have thus far not been required for capex investments although they require ongoing operational support by facility – and renewable energy management.

GHG Intensity (kgCO₂e/m²/yr)



Improve EPC Class and align with near zero energy building (NZEB) standards

For new construction the Group aims to comply with the EU Taxonomy requirements for energy performance. The EU Taxonomy for the construction, acquisition and ownership of buildings refers to Energy Performance Certificates (EPCs) as per the Energy Performance of Buildings Directive (EPBD). For the reporting of alignment of assets to EU Taxonomy, it is needed to refer to the near zero energy building (NZEB) standards and EPC schemes based on the divergent primary energy demand (PEB) thresholds as determined by each of the country’s where those assets are located. For new buildings (or buildings constructed since 1 Jan 2021), the criterium is to build assets with an PEB of NZEB minus 10% and with an EPC in place. For buildings built before 31 Dec 2020 the building needs to have an EPC Class A or 15% top performing building. In case of a substantial contribution to climate change adaptation or a circular economy¹ an asset needs to comply with the Do No Significant Harm to climate change mitigation by PED performance of NZEB and for buildings built before 31 December 2020 with an EPC Class C minimum or 30% top-performing buildings.

With regards to the existing portfolio, based on the Group’s pipeline PV projects the majority of the EPC ratings of our portfolio will improve to either EPC A or EPC B. For those assets for which this is not the case further investments in energy efficiency and renewable energy production will be required. Based on portfolio assessment an investment of circa € 20 million will be required to achieve a minimal EPC B rating in all buildings. As for most of these assets the final improvement could be achieved through additional PV investments this could also be economically yielding investments.

For more general information on the implementation of EU Taxonomy and the EPBD please refer to the factsheet available on www.epra.com.²

1 No substantial contribution criteria for a circular economy for the acquisition and ownership of buildings
 2 https://www.epra.com/application/files/1016/9710/0002/EPRA_WGBC_Factsheets_on_the_EU_Taxonomy.pdf

3.3.5 Water management

The non-financial risk assessment pointed out that water is not a key environmental issue for VGP. Indeed, the tenants within the Group's portfolio are not considered as being significant water consumers. Nevertheless, VGP acknowledges water as a fundamental resource and upholds the right for everyone to have fair and equitable access to it.

Water consumption at the Group's assets is driven by the occupational tenant usage of the asset and predominantly driven by the number of employees.

For further information on the split of the water consumption per tenant segment type, please refer to table "Utility consumption in portfolio (split by segmentation according to GRESB)" in the section 3.3.3.3 Energy consumption – portfolio of this report.

Water consumption within the portfolio is concentrated to a number of large consumers with the top 10 tenants accounting for 40% of total water consumption, typically related to manufacturing and warehouses using cooling facilities. Whilst focus on water consumption improvement at these sites will be most effective, reducing water consumption is an operational target at all parks as part of the Group's resource efficiency policy and is tracked and managed at asset and Group levels. Based on environmental best practice, the Group is taking active steps to limit water consumption, reduce water waste and maintain water quality.

Special efforts are made to install water-efficient equipment. The group is in the process of analysing the implementing of a real-time monitoring tool that allows to detect leaks so to ensure these can be repaired rapidly. Water monitoring is a key focus for the Group, which also started rolling out water connected submeters in new developments. Additionally, aerators and other low-flowrates water features have been implemented in assets in accordance to BREEAM requirements. As a result, water and cost savings were achieved. In addition to this impact, in order to avoid irrigation need as much as possible drought tolerant landscaping is implemented both in terms of flora selection as well as water retention ability. Since 2022 circa €5 million was invested in water-saving measures.

For new developments and refurbishments, the following standards are used across the portfolio:

- wash hand basin taps and kitchen taps have a maximum water flow of 6 litres/min;
- showers have a maximum waterflow of 8 litres/min;
- WCs have a full flush volume of a maximum average flush volume of 3.5 litres;
- Urinals use a maximum of 2 litres/bowl/hour. Flushing urinals have a maximum full flush volume of 1 litre

To optimise water use and leverage-associated cost savings, the Group also prioritises the use of non-drinkable or reused water over drinkable water wherever possible. In 2023, in total 180,800 m³ of rainwater could be collected on site for cleaning and for watering green spaces. At existing parks, the Group relies on a close cooperation with tenants to reduce water consumption. Green leases (see section 3.3.2 Green leases and tenant commitments) and tenants' discussions on site are used to help raise awareness among tenants about water use and to get them on board with water management.

In 2023, water consumption in our parks, including water used for vegetation, increased by 21 % compared with 2022 due to growth of the overall portfolio and more rainwater being retained and used in our parks. On a like-for-like basis grid water usage decreased year-over-year by 13% and grid water usage intensity decreased by 3% year-over-year, reflecting the effect of more water saving measures (in compliance with EU Taxonomy "Do No Significant Harm"-requirements) being deployed at new developments and refurbishments.

Water (cubic metrics)	FY 2020	FY 2021	FY 2022	FY 2023	Change YoY
Average grid water consumption (litre/m ²)	93.0	82.8	83.6	78.9	(6)%
Total water consumed from water grid	179,917	256,000	365,000	385,766	5%
Total water collected and re-used on site	n/a	n/a	105,000	180,800	72%
Total water consumed/collected	179,917	256,000	470,000	566,566	21%
Like-for-Like comparison – 2023/2022			255,163	221,793	(13)%

3.3.6 Waste management

VGP's waste management approach is designed to maximise recycling and minimise disposal to landfill. In order to manage waste most effectively the Group has tailored its approach and waste management targets to the three main waste generating activities, own operations and offices, at construction sites and in the standing asset building portfolio.

3.3.6.1 Waste management of own operations

Waste: own organisation			
Waste (metric tonnes)	FY 2022	FY 2023	Comment
Total waste recycled/reused	1.4	1.2	(1)
Total waste disposed	0.5	0.6	(2)
Total waste	1.9	1.9	

- (1) Waste emissions for FY2023 are mainly calculated based on an extrapolation of data from offices with known data
- (2) Total waste emissions are 0.6 tCO₂e, or 0,03% of total emissions. 97% of waste emissions result from residual waste, paper waste caused 2% of waste emissions and 28% of waste generation

Since 2022, the Group has a Green Office Policy in place which is focused on waste reduction opportunities based on the revised EU Waste Framework Directive (Directive 2008/98/EC) which sets out five steps for dealing with waste, ranked according to environmental impact – the “waste hierarchy” – with a first and most important focus on prevention and secondly prepare for re-use. By implementing these strategies the Group is able to reduce waste of its office operations. Since the implementation of the policy the amount of printed documents has significantly reduced, whilst paper was previously predominantly recycled, the overall waste reduction has reduced the waste production intensity significantly in-line with the waste hierarchy.

The amount of waste not recovered is including residual waste for which the incineration or recycling process has not been confirmed, as a result the current number is likely conservative. Furthermore, precise data collection will improve this metric further.

PREVENTION

If you can't prevent it then...

PREPARE FOR RE-USE

If you can't prepare for re-use, then...

RECYCLE

If you can't recycle, then...

RECOVER OTHER VALUE

If you can't recover value (e.g. energy), then...

DISPOSAL

Landfill if no alternative available



Demolition works at VGP Park La Naval, Spain

3.3.6.2 Waste management at construction sites

While waste generated across our own offices (where we have control) is monitored, tracked and reported (see table below), the majority of our waste is created as a result of our construction and demolition projects. We aim for 70% of non-hazardous construction and demolition waste generated on construction site to be prepared for reuse, recycling and other material recovery, including backfilling operations using waste to substitute other materials, in accordance with the waste hierarchy and the EU Construction and Demolition Waste Management Protocol. As such, for demolition waste, which makes up the bulk of our total waste, we re-use as much as possible on-site to avoid the carbon emissions related to transportation of waste off-site and the import of new materials from elsewhere. We undertake pre-demolition audits to identify waste materials taking into consideration the quantity and quality of waste to be re-used on site as aggregate. We also re-use on site where materials are non-hazardous and will not have a detrimental effect on the environment. Hazardous waste is treated differently and is not included within these figures. Hazardous waste is dealt with in the appropriate manner, fully in line with relevant regulation.

Waste generation construction sites (metric tons)	FY 2023
Reported construction waste	5,519
Hazardous waste	188
Recycled waste	4,428
Recycled waste as percentage of total construction waste	80.2%

For more information on the compliance with the 70% recovery target per construction site per EU Taxonomy requirements please refer to section 3.2.1.1.1 Transition to a circular economy in construction projects.

3.3.6.3 Waste management of standing building portfolio

The Group has a limited impact on the total volume of waste generated in existing parks. Nevertheless, the Group is committed to waste management efficiency measures, such as increasing waste sorting, and raising awareness among tenants, as well as incentivising them to reduce the amount of waste disposed, and implementing innovative waste management solutions.

Improving waste sorting in collaboration with tenants

Suitable waste segregation facilities are in place in all assets and most assets are equipped with specific sorting facilities and treatment solutions for organic waste, which represents a significant share of the total amount of waste generated by the Group. Tenants are informed and made aware of the Group's waste management policies and of the importance of sorting waste. This is via, for example, tenants' on-site discussions and guidelines reminding tenants of what to do with different types of waste. Both supplier purchasing contracts and tenant Green leases establish the minimum requirements to be met for waste sorting and recycling. Tenants are requested to share details of tonnages collected by type of waste and recycling percentages achieved. Tenant education includes delivering tenant-level waste sorting guidelines to the facility management' teams, sharing best practices, highlighting the importance of properly sorting material, and outlining the legal requirements associated with the waste management programs.

Waste: portfolio			
Waste (metric tonnes)	FY 2023		
Hazardous waste	809		
Non-hazardous waste ¹	30,204		
Total waste produced	31,013		
Like-for-like comparison			
2022 base year	2022	2023	% Change YoY
Hazardous waste	879	809	(8)%
Non-hazardous waste	1,690	1,624	(4)%

3.3.7 Develop connectivity and sustainable mobility

As part of its ESG strategy, VGP aims at ensuring access to public transport and sustainable mobility for the tenants and their visitors of our buildings. In addition, the Group only allows the use of battery-powered vehicles or plug-in hybrid vehicles for its own staff with respect to car portfolio leased and own. This is a cornerstone of the plan to reduce Scope 1 and 2 emissions by 50% by 2030 from a 2020 baseline (see Section 3.1 Address climate change). To further raise awareness of our tenants with respect to the green transition, the Group has introduced a target in 2022 of having 100% of parks equipped with EV charger units and to achieve the target of having 100% of Group assets offering sustainable means of transport. This engagement cascades down through the Group's development pipeline, in which the Group in addition to the 100% public transport connectivity target (see section 3.3.7.1 Connectivity to public transport for further details) aims for parks to offer facilities for pedestrian (sidewalks where applicable) and bicycle usage promotion (bicycle lanes and racks). See Section 1.2 Summary of the Group's ESG achievements for a summary of the Group results against these strategic targets. By making these commitments, the Group is setting a long-term view on the evolution of mobility trends by working both on asset attractivity and actively encouraging new sustainable transport solutions and behaviours by the employees of our tenants. The Group aims to facilitate our tenants in their transition towards a green (forklift-) truck/van fleet by offering green electric and hydrogen charging facilities and infrastructure at our park.

In 2023 a pilot project was launched in Germany to offer EV charging facilities at the home of all VGP employees. The other countries within the Group will follow suit.

	FY 2022	FY 2023	Target
% of parks with EV charging facilities	46%	59%	100%
Number of associated parking spaces with EV charging		545	

¹ Waste emissions for FY2023 are calculated based on an extrapolation of tenant disclosed data (data coverage FY2023 4 and 14 % respectively based on floor area)

3.3.7.1 Connectivity to public transport

With regards to land selection criteria the Group is focusing on opportunities that are or will be well connected to public transport networks and are located close to major cities.

	FY 2022	FY 2023
% of parks with public transport accessible	95.8%	97.3%
Target % of parks with public transport accessible		100%

For the remaining parks adequate solutions are being sought.

In addition, 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. When appropriate, the design team consults with the local community in selecting and implementing additional solutions to enhance access to the local bicycle network. At 2023 year-end, 96.4% of the Group's projects are connected to public transport solutions.



VGP Park Roosendaal, The Netherlands

3.4 Protect and improve biodiversity

In the existing parks a total of 2.215 million square meter of green surface is managed by VGP. The Group actively protects and improves the biodiversity value of these green surfaces specifically and its assets in general by assessing biodiversity impacts and mitigation measures in accordance with BREEAM Excellent/DGNB Gold level standards, and by implementing biodiversity action plans based on the Group's Biodiversity Policy that account for unique local conditions. Ecologists and landscape architects are involved in design and development activities to guide architects and developers on existing ecosystems and selecting the best strategy to protect local wildlife.

In order to assert compliance with EU Taxonomy for land acquisition the Group has enhanced its due diligence requirements. As a result, the Group predominantly focuses on brownfield development opportunities and aims to avoid new developments to be built on:

- greenfield land of recognized high biodiversity value and land that serves as habitat for endangered species (flora and fauna) as listed on the European Red List or IUCN Red List
- land matching the definition of protected forest as set out in the national law and used in the national greenhouse gas inventory

As well as minimize:

- the use of arable land and crop land with moderate to high level of soil fertility and moderate to high below ground biodiversity as referred to in the EU LUCAS survey

In addition to enhancement of green areas existing in VGP Parks (in the course of 2023 4,040 additional trees were planted in existing VGP Parks and initiatives undertaken to protect and enhance biodiversity), in 2023 eight biotope areas have been created within our parks under construction to enhance or protect specific species and enhance overall local biodiversity, this brings the total biotope areas to 47. The total size of these biotopes, created within VGP Parks measure 548,000 m².

3.4.1 Implementing Biophilic design

Whilst individual biodiversity improvement measures within our parks are increasingly implemented either as part of the design phase or during ongoing retrofits of the green spaces, a distinguishing feature of biophilic design is its emphasis on the overall setting or habitat and not a single or isolated occurrence of nature. When taking into account an integrated design, the ecosystem performs at a level greater than the sum of its individual parts.

3.4.2 Protection and restoration of biodiversity and ecosystems for development projects

In addition to the biodiversity due diligence as part of the land acquisition, all development projects with a biodiversity value need to implement a biodiversity action plan. This action plan is always prepared by a qualified ecologist after the assessment of the characteristics of the local biodiversity. Such assessment needs to be completed in accordance with the Group's Biodiversity Policy. Where an assessment has been carried out, the required mitigation and compensation measures for protecting the environment are to be implemented.

This assessment will help safeguard the Do No Significant Harm (DNSH) criterium under EU Taxonomy, and in cases of an substantial biotope investment assist in determining a potential significant contribution under the Taxonomy (of the biotope investment as a single measure).

The purpose of project specific assessment is to first avoid and reduce all impacts of the project on the local nature, and second to implement on each project a list of Group recommendations like the use of environmentally certified materials or bird-friendly designs for the façades and biodiversity compensation zones and initiatives.

The commitments and recommendations for the integration of biodiversity in development projects are integrated in the Group's design process through the Sustainability Brief (see Section Project design and review stage in 3.2.1 Design sustainable buildings).

Additionally, for some projects a broader Environmental Impact Assessment is conducted, which includes an environmental/biodiversity component, as it 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.

Biodiversity is also addressed by the development projects through the "Land Use and Ecology" section in the BREEAM certification and for all DGNB projects a biodiversity strategy is conducted. For example, the project VGP Park Laatzten, building A in Germany which achieved first of its kind DGNB Platinum certification achieved 100% of the 10 credits of that section, through a number of biodiversity initiatives including for example through the support of habitats for birds and insects, and a rainwater retention basin providing biotope for toads and other reptiles.

Biodiversity and ecosystems	
% of projects started in 2023 with an ecology plan	100%
Target of projects to have an ecology plan	100%



VGP Hungary looked to biophilic design principles to construct a tree-like installation covered in plants in the central area of new corporate offices in Budapest

Detail from the new VGP Building Standard



Details from VGP Park München with green roofs and green walls, as well as connecting green spaces and a significant biotope have been integrally designed

3.4.3 VGP biodiversity strategy and taxonomy for existing parks

Although nearly all our parks are certified according to BREEAM or DGNB, which provides basic safeguards for restoration and protection of biodiversity, the Group developed an additional ecosystem enhancement safety measure. The implementation of this measure is driven by:

- the aim to align the portfolio with EU Taxonomy regulation, including the biodiversity and ecosystem protection criteria, as well as,
- our continuous improvement philosophy within the scope of the Group’s Environmental Management System (which has been based on ISO 14001 standards), and
- the Group’s Biodiversity assessment framework (see for more information the Group Biodiversity Policy available on the Group website¹)

As such additional priority improvement measures may be identified in existing portfolio and are already being implemented in three of the Group’s existing parks. For those parks, specific measures have been suggested for each based on local tailored ecology studies. This work is now underway in two of the three identified parks and works are expected to start in the third park in the course of 2024.

The aim is to increase the use of “green” spaces, either through enhancing existing green structures into biotopes or through enhancements such as green roofs, green walls, green parking lots.

VGP biodiversity taxonomy for existing parks

Less than 500 meters to natura2000 area and park adjacent to forest or asset location identified by municipality as of ecological importance

Less than 1,000 meters to natura2000 site and adjacent to arable land but not recognized as of high biodiversity value

Less than 500 meters to natura2000 site but plot itself only bounded by other semi-industrial sites

Less than 1,000 meters to natura2000 site or adjacent to arable land but not recognized as of high biodiversity value

Other

Categorisation of biodiversity initiatives

	Combined identified initiatives achieve a substantial contribution under EU Taxonomy Biodiversity and ecosystems criterium
	Combined identified initiatives achieve DNSH under EU Taxonomy Biodiversity and ecosystems criterium
	Specific ecologically tailored measures have been taken in order to enhance local ecosystems based on a biotope
	Green roof or green façade
	Other significant ecological mitigation measures

In 2023, in existing VGP Parks 4,040 trees were planted to enhance biodiversity.

An example of an existing park which is being enhanced is VGP Park Gyor Beta. Previously identified through the Group’s biodiversity monitor as a park with an outsized potential for additional yielding biodiversity initiatives an ecology study conducted in 2023 identified several improvement measures which are currently being implemented to enhance and protect the existing ecosystem particularly along the southern border of the park which is adjacent to natural territory. See the case study on the following page for additional information.

The Group also works across its regions to raise awareness among its stakeholders and communities about the importance of biodiversity. For example, in 2022, through the VGP Foundation, the NABU campaign “Become an Insect Scout” during which nature enthusiasts and insect fans can apply for training in identification and ambassador role for insect care projects in the community.

% of projects with meaningful biodiversity stakes implemented a biodiversity action plan	95.7%
target % of projects with a high biodiversity stake implemented a biodiversity action plan	100.0%

The score improved 10% year-over-year and the aim is to achieve a 100% score by the end of 2024. Once a project has been built and delivered, the Group’s facility management team is responsible for maintaining and monitoring biodiversity. The ESG team monitors the application of the Group’s biodiversity policy and provides operating teams with the necessary support.



VGP Foundation and NABU initiative started in 2022 “Become an Insect Scout”

1 See: <https://vgpparks.eu/media/4876/vgp-biodiversity-strategy-a4-en-k04.pdf>



- B – sandy oak-juniper
- C – “C”-type songbird box
- D – bat house
- F – swallow hotel
- G – frog garage
- H – amphibian and reptile protection fence
- K – breeding wall for bank swallow and european bee-eater
- P – riparian semi natural shrub habitat
- V – kestrel nest boxes

Case study – VGP Park Gyor Beta

An example of an existing park (building B was delivered in 2022) which is being enhanced as a result of the implementation of the Group Biodiversity Policy is VGP Park Gyor Beta. Identified through the biodiversity monitor in early 2023 as a park with an outsized potential for additional yielding biodiversity initiatives an ecology study was commissioned and conducted in the same year which identified several improvement measures. These measures are currently being implemented to enhance and protect the existing ecosystem, particularly along the southern border of the park which is adjacent natural territory. Signs in the park will highlight the various ecosystems present, the initiatives taken to protect these and explain the relevance of such measures to any visitors.



Existing pond at VGP Park Gyor Beta to be enhanced allowing several biodiversity improvements including artificial constructed brooding wall and ideal stepped lake bed and shoreline zonation



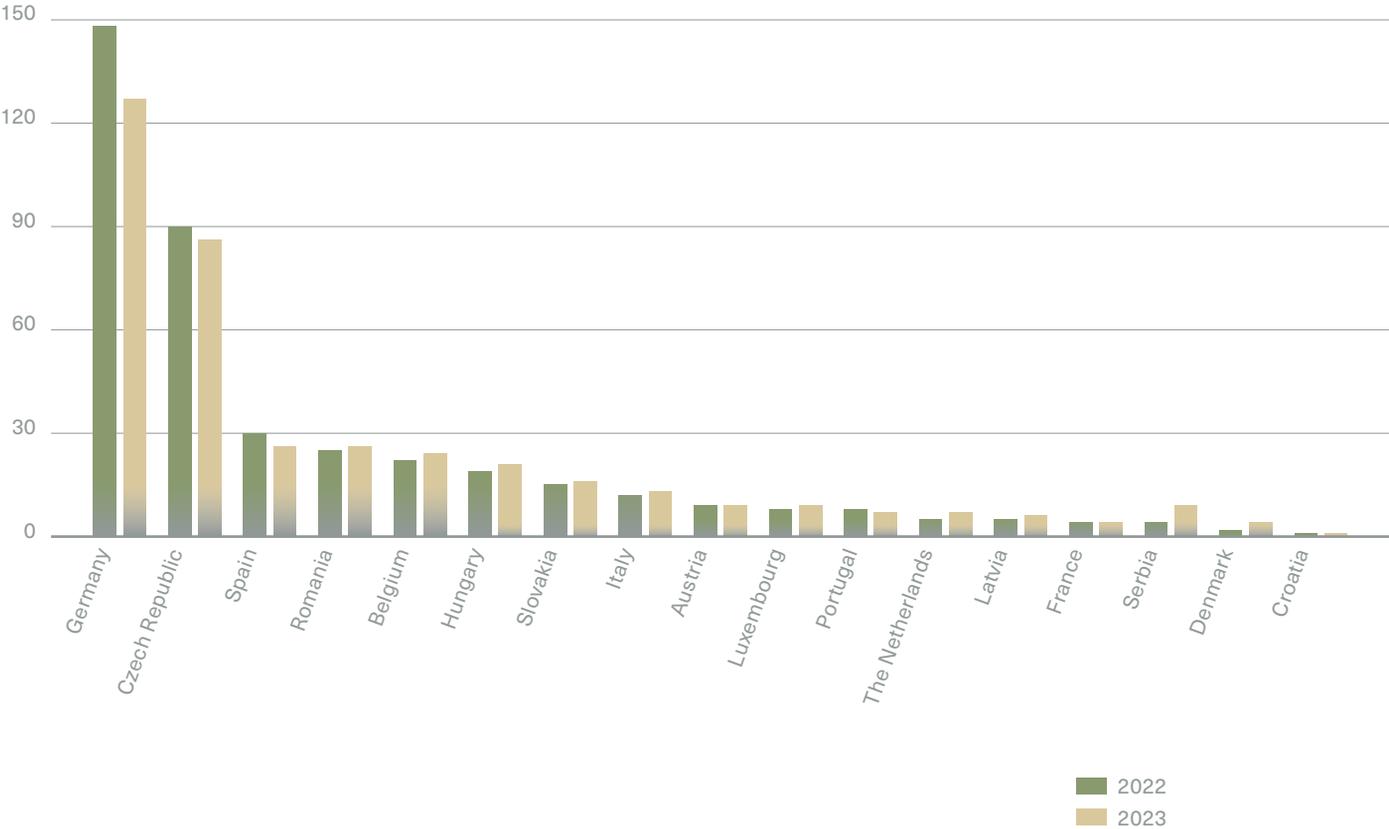
Top – European toad (*Bufo bufo*)
Bottom – European bee-eater (*Merops apiaster*)

3.5 Empowering our workforce

Key figures

The group has 395 employees (368 FTE) as at 31 December 2023, and an average headcount of 401 people (376 FTE) for 2023

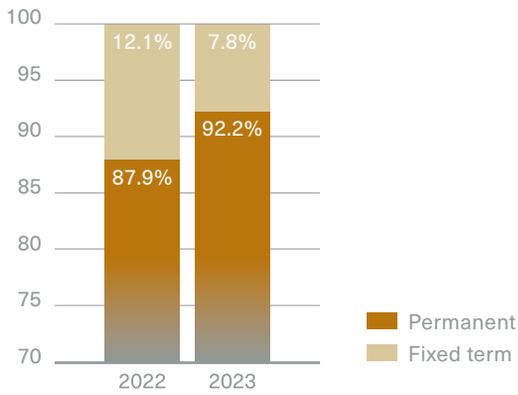
Employment by Country (People)



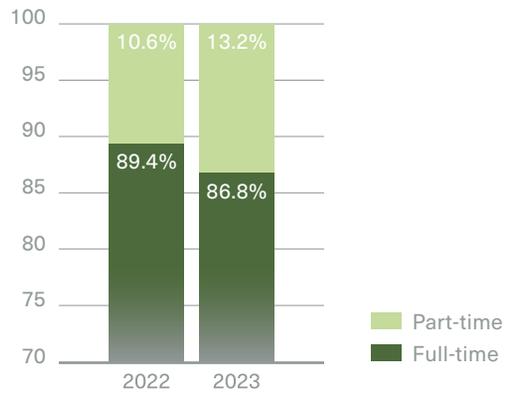


VGP Office Prague, Czech Republic

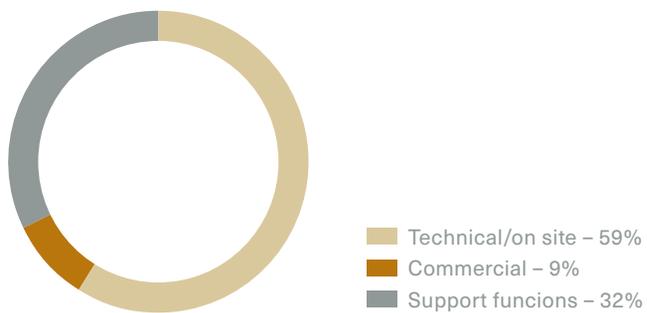
Employment by duration of contract



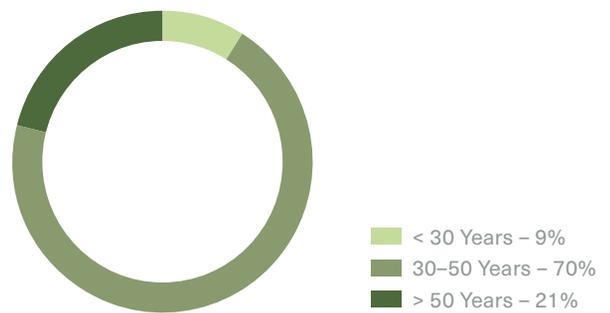
Employment by type of contract



Employment by Activity



Employment by age



3.5.1 Attracting the best talent

VGP is committed to attracting the best talent by fostering professional development, promoting cross-functional and international mobility opportunities and offering exciting career opportunities at all levels. As we continue to focus on recruiting the best candidates we have also intensified our efforts in recruiting experienced profiles. Bringing new sets of capabilities and diversifying our leadership and management styles are key success factors for the Group.

The VGP corporate LinkedIn page allows us to maintain our strong digital presence, increase our brand awareness, and build stakeholder relationships. Its audience grew by 2,000 in 2023 to reach close to 15,000 followers by December 2023. Besides stories on our business activities, our parks, and our people, among others, here the Group showcases content to promote our technical expertise, to highlight our ESG initiatives, and to demonstrate the activities to support the communities we are a part of.

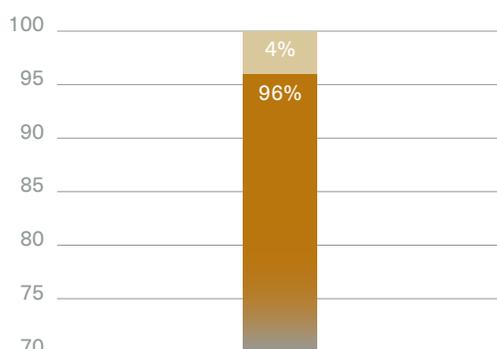
3.5.2 Talent management

The Group is committed to offering employees a working environment that fosters diversity and equal opportunities to offer to each employee the experience needed to build an exciting career that creates value for the Group.

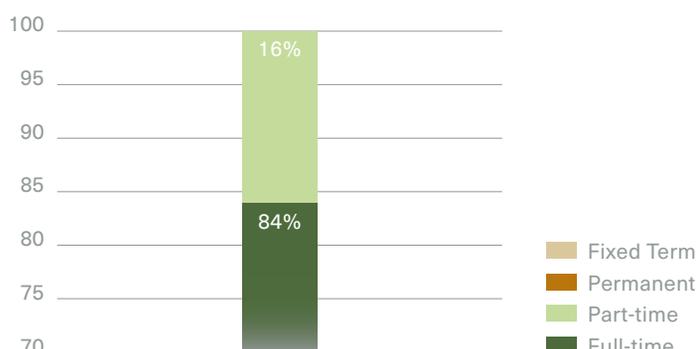
Employees meet with their managers once a year for year-end evaluations, have the opportunity to provide and receive ongoing feedback throughout the year, which gives them the opportunity to discuss their performance, objectives, career advancement and training needs.

Career evolution in the Company is strongly linked with the Group's competency model (see Section 2.1 ESG Strategy: Building Tomorrow Today Together). The Group aims to recognise the experience and expertise employees are developing in their position. Internal mobility between functions is encouraged and is conceived as a collaborative process involving employees, country management and Group functions. It gives employees a more in-depth understanding of the Group's various activities and priorities. International mobility also helps employees to build and consolidate networks and share best practices among the various countries.

New Hires: Employment by duration of contract



New Hires: Employment by type of contract



Departures in 2023 by reason for departure

Turnover	2019	2020	2021	2022	2023
Turnover rate	14%	10%	12%	13%	17%
Voluntary turnover				8%	12%
Unvoluntary Turnover				5%	5%

New hires	2022	2023
New hire ratio	31%	19%

The new hire and employee turnover rates are calculated based on the total employee numbers at the end of the reporting period and expressed as a percentage or ratio.

In 2023 we had a regrettable voluntary turnover, as measured by voluntary departures during the reporting period as percentage of the number of permanent employees at the end of 2023, of 12%. Our strong employee engagement survey results validate that our employees are motivated and engaged – see also section 3.5.4 Diversity for a further explanation of the employee survey results.

3.5.3 Training

The year 2023 saw the inauguration of the VGP Academy, offering a stimulating learning environment through knowledge acquisition and skill development by offering business and soft skill training and resources available to all employees. In 2023, in total 159 employees followed a course organized by the VGP Academy.

Groupwide and regional trainings are organised to embed the Group's ESG strategy, ESG processes and to empower and encourage employees to deliver sustainable actions.

The ESG ambition and related action plans are systematically introduced to newcomers in the "VGP new joiners" training. Dedicated technical training is offered to relevant staff members as required, covering topics such as sustainable consumption and the carbon footprint assessment methodology for development projects. Training materials related to new ESG topics are also drafted regularly, shared with the relevant teams, and made accessible on the Group's training platform (for example "EU Taxonomy" and "Renewable Energy and Green Leases" guidelines).

Also, for all technical managers across the Group, a symposium is held annually discussing potential improvements to our building standard in order to enhance circularity, ways to enhance the energy transition (including less usage of gas for heating and offering EV chargers) and the implications of EU Taxonomy.

Last year the Group reported that, in response to 2022 employee survey results, further enhancements to the training program were to be reviewed and accessibility of training to be broadened. As a result the VGP Academy was introduced in 2023. Whilst employees did not yet have a full year benefit from the VGP Academy a notable improvement in appreciation for the Group's training offering was noted to a total of 82.5% of employees expressing to be satisfied with the Group's training platform – up 7.2% year-over-year.

The Group's employees are a critical pillar of the Group's ESG strategy as it focuses on people topics including Diversity and Inclusion, and Employee Wellbeing. To embed the Group's Diversity and Inclusion policy in the day to day operations, VGP has committed to 100% of Group employees to have participated in ESG training, in 2023 45% of staff participated in such training.

ESG training	2023
% of staff trained on ESG topics in 2023	45%
% target of staff to be trained on ESG topics	100%

3.5.4 Diversity

Employment by gender	2022	2023
male	65%	63%
female	35%	37%

Employment by Age	2022	2023
<30	8.5%	9.0%
30–50	70.1%	70.0%
>50	21.4%	21.0%

Diversity (gender)	2022	2023
Board	60%	60%
Management	19%	20%
Company	35%	37%
<i>EU Women on Boards guideline</i>	33%	33%

Diversity (nationality)	
Nationalities working for VGP	25

Diversity (parental leave)	
% of VGP employees entitled to parental leave	100%

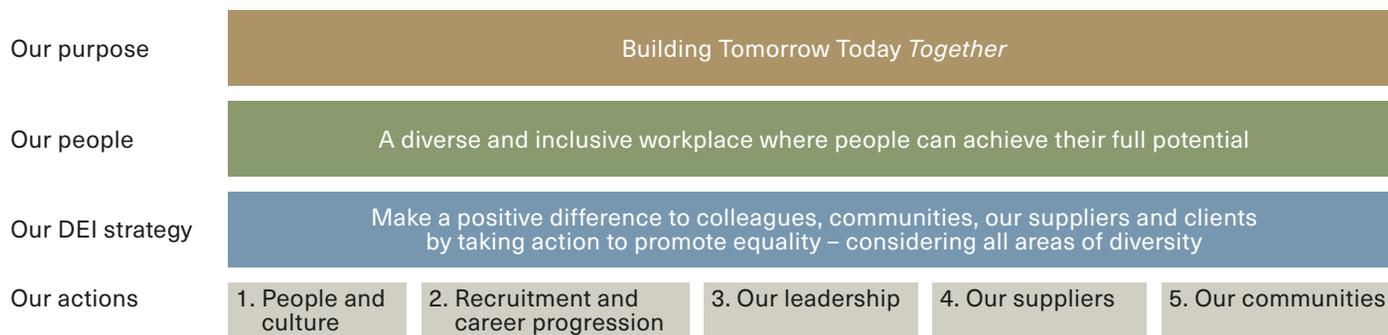
Diversity and inclusion form a key part of the Group's ESG strategy. With a representation in 17 countries, VGP welcomes employees from diverse cultures and backgrounds to build successful and inclusive teams.



VGP commits to ensuring full equal opportunities (e.g. gender, nationality, sexual orientation) in HR practices and processes Group-wide. This target has been achieved as 100% of VGP countries ensure full equal opportunities in their HR practices and processes by having the VGP Equal Opportunity statement included in formalised HR policies relating to recruitment practices, compensation & benefits, talent review and learning & development. The VGP Equal Opportunities statement ensures that HR policy 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.

In order to measure employee perception of the diversity and inclusivity policy in 2021 a new Group Employee Survey was introduced including questions with a focus on Diversity and Inclusion. In 2023, 238 employees participated in the survey, representing 60% of the workforce, with 86% of respondents stating that VGP is a socially responsible company. The survey will be rolled out each year to check in with the employee community and help shape effective plans to create an even more inclusive working culture.

VGP Diversity, Equality and Inclusion Strategy framework:



In addition to the VGP Diversity Policy, since 2022 the Group has a Diversity, Equality and Inclusion Strategy to drive change within the organization and define actions across 5 key focus areas. The Strategy document is available on VGP corporate governance web portal and the plan is for the actions to be further detailed over the coming period.

3.5.4.1 Gender Pay Gap

We believe that analysing diversity data and being transparent is an important step towards creating meaningful change. This is why we have decided to voluntarily publish our Gender Pay Gap. In 2023, our Gender Pay Gap for all employees at VGP was 42%.

Gender Pay Gap	2022	2023
Pay Gap for VGP Group	42%	42%

Like many other organizations, particularly in the property sector, the reason for our Gender Pay Gap is the fact that we have more men than women in senior roles. In VGP, our employees are paid equally for doing equivalent jobs across our business and our reported Pay Gap is a direct result of our employee profile and does not represent pay discrimination. A core element of our ESG strategy is to improve the diversity of our business. The new Diversity Strategy document as published last year will further help amplify the importance within our organisation at all levels of seniority. This is crucial for the enduring success of our business but should also be reflected in reducing the Pay Gap over time.

3.5.5 Employee commitments and ESG

3.5.5.1 Individual ESG objectives

The Group has committed to 100% of employees having yearly individual ESG objectives to help make all employees accountable for the collective success of the ESG ambition. Appropriate initiatives and targets aligned with the Group's ESG Strategy are being identified in close cooperation with each country within the Group and functional departments: Technical, Commercial, Land Acquisition, Facility Management, Property and Asset Management, Finance, Marketing, Legal and Compliance. A toolkit with key examples of general and functional ESG targets is shared with VGP employees Group-wide.

Quantifiable ESG targets are included in the incentives of members of the Group's management team. Further details are presented in the Group's Corporate Remuneration Report. The 2023 incentive awards also include 15% of ESG-related performance conditions, for all eligible Group employees.

Volunteering program

The VGP Volunteering Program offers all employees the opportunity to dedicate at least one workday per year to support social initiatives developed by the Group including support for local people facing barriers to the job market or supporting local non-profits through VGP Community Days and local partnership activities. Since 2022, the Group has committed to 100% of Group employees taking part at least one day per year in the VGP Volunteering Program.

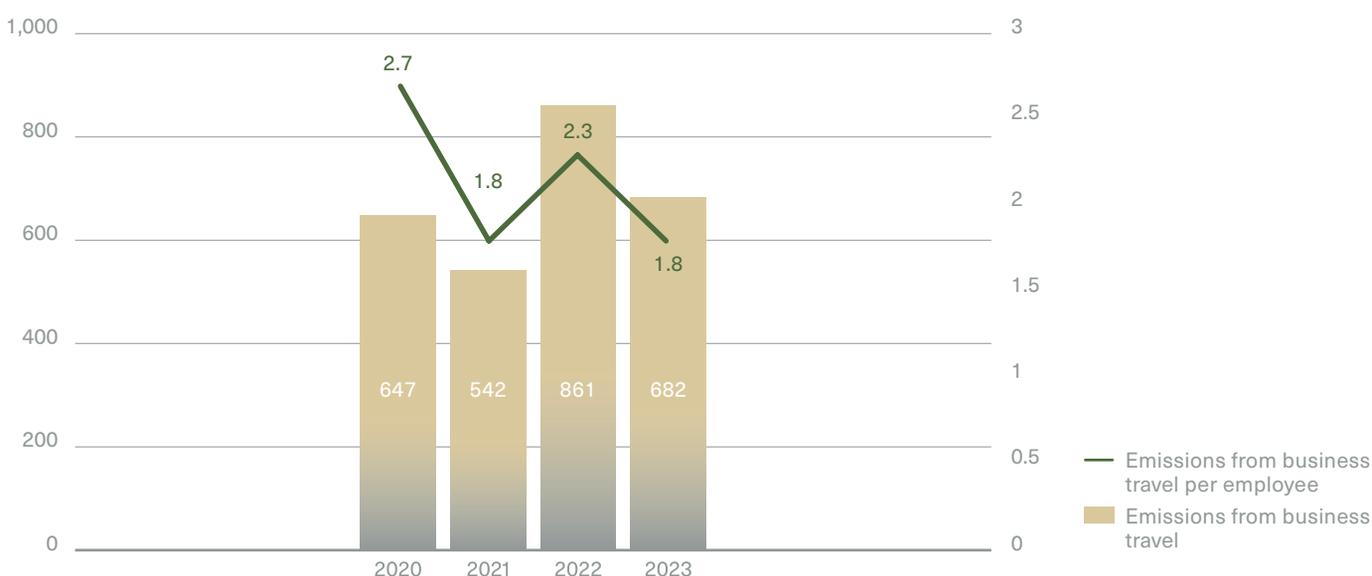
The Group's community-oriented activities in 2023 were focused on supporting the needs of local communities and events to support and enhance local biodiversity. More information on the results of these initiatives is included in Section 3.7 VGP in the community.

3.5.5.2 Business travel

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

The table below shows the CO₂ emissions from employees' business travel by train, plane and car journey. 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 in 2021. Data and methodology are verified by CO₂Logic/Southpole and provided by referenced travel agencies for each country.

Travel emissions (in tCO₂e)



In 2023, the Group carbon emissions related to business travels continued to decrease, predominantly due to more conscious travel movements overall. In addition, since 2021, all new company vehicles must either be hybrid or electric. At the end of 2023, 45% of the Group's vehicle fleet was replaced by plug-in hybrid or fully-electric. We anticipate the percentage to grow significantly in 2024 as more cars come to their lease-end period.

3.5.5.3 Green offices and working

The Group has committed to 100% of VGP's countries implementing Work Greener program captured in the VGP Green Offices and working guidelines. The VGP Green offices and working guidelines offer employees the work environment and tools to reduce the environmental impact of their day-to-day work. The program enables employees to make VGP offices more sustainable and environmentally friendly, implementing eco-friendly initiatives such as tackling waste management, promoting responsible consumption, or sustainable mobility.

Since 2022, 100% of our countries delivered at least one Work Greener initiative. Initiatives from the program should help the Group with improved waste management, eco-friendly mobility, better water- and energy efficiency, reducing paper waste and improving general awareness.



Spanish VGP Team

3.5.5.4 Well-being

Employee well-being is a key part of the ESG strategy and Group HR strategy. VGP works to support a healthy working environment with a structured focus on health & well-being to help employees thrive. A gym membership roll-out was initiated in 2023 in response to employee requests. The Group's Well-being framework is based on the WorldGBC's Health and Wellbeing Framework.

3.5.5.5 Healthy culture

- Work-life balance: home/flexi working practices are in place in all countries, in addition to continued family-friendly policies. The topic of work-life balance is typically included in performance reviews to encourage conversations with managers;
- In total 238 employees participated in the 2023 version of the Employee Survey, which allowed all employees to easily give feedback on topics such as well-being support and improving ways of working. The survey will be conducted each year to help shape effective plans to create an even better working culture;
- On the 9th of September 2023, VGP organized a Family Day for its employees, their partners and children. On the warmest day of the year, 527 people from all 17 VGP countries gathered together at the Rennbahn site in Düsseldorf, Germany. Lots of different entertainment activities were provided for young and old and all enjoyed a sumptuous BBQ. It was a successful day with an opportunity to get to know each other better, share stories and create new connections within the VGP Family.

3.5.5.6 Healthy bodies

- To encourage a healthy lifestyle, use of bicycles is encouraged, gym and sport memberships are sponsored and healthy food alternatives are offered in office canteen and kitchens (fruit free of charge)
- Healthcare benefits: health insurance is offered to all employees
- Green challenge week took place for the team in Portugal encouraging colleagues to take bicycle or walk to the office for the daily commute

3.5.6 Occupational health and safety

The Group pursued its compliance and HSE risk prevention training strategy in 2023, including a focus on “HR toolbox” training.

- Absenteeism is monitored;
- Causes of work-related accidents are analysed and measures are taken to prevent them recurring. No loss time due to injuries was reported for VGP employees in 2023. The Total Recordable Injury Frequency and Lost Time Injury Frequency Rate for contractors in 2023 was 0.12 and 0.58 respectively.

Health and Safety – VGP Employees	2020	2021	2022	2023
Employees in VGP premises covered by VGP H&S policy	100%	100%	100%	100%
Employee loss-time injury frequency rate ¹	0	0	0	0
Employee total recordable injury frequency ¹	0	0	0	0
Total number of hours worked	c. 500,000	c. 600,000	c. 700,000	c. 750,000

Development projects – contractor controlled

Number of contractor fatalities	0	0	1 contractor	1 contractor
Number and rate lost time injury frequency rate ¹	2 contractors	2 contractors	2 contractors	2 contractors
Contractor loss-time injury frequency rate ¹	n.a.	n.a.	0.40	0.58
Total number of contractor hours worked	c. 4.4 million	c. 5.4 million	c. 5.0 million	c. 3.4 million

Absenteeism	2023
Average absentee rate	2.99%
Data coverage ²	81%

3.5.7 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-corruption program, etc.).

Since 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’s commitment to adhere to the principles is laid down in the Group’s Code of Conduct.

As of December 31, 2023, 0% of employees were covered by a collective agreement.

1 LTIFR: Lost-time injury frequency rate calibrated to one million hours; TRIF: total recordable injury frequency rates are standardised to 200,000 hours.
 2 As HR-policies are defined decentralized and on a country level – absentee rates are not reported for the entire group. Coverage was 81% based on EOP FTE counts.

3.6 Sustainable Supply Chain Management



VGP Park Montijo, Portugal

The ESG strategy of the Group encompasses a much wider footprint than the Group itself. Being a substantial buyer, VGP is aware of the importance of driving industry standards and our ability to support by pushing for an evolution on the way we can drive suppliers and service providers toward more sustainable operations.

Given the size and the geographical spread of the portfolio, the Group works with a large number of suppliers and contractors, and ensures it is not exposed to the risk of depending on only a few strategic suppliers. In 2021, the Group designed its Supplier Code of Conduct, followed by a mapping of ESG risks in its supply chain in 2022. VGP became a signatory to the UN Global Compact in 2022, thus committing to adopting, upholding and enacting within its sphere of influence the ten universally recognised principles relating to human rights, labour laws, environmental protection and anti-corruption.

3.6.1 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;

- Facility Management costs, services provided to properties for operations, such as maintenance, greening, energy and fluid provision, and marketing expenses (OPEX paid by the property owner and mostly passed onto tenants as service charges); and
- Capitalised construction works invested in properties for three main purposes: new development or enhancement works, maintenance works or reletting works (CAPEX paid by the property owner); these include mainly purchases from contractors, fees for architects, designers and engineering firms, and insurance premiums.

The varied nature of procurement and the diverse locations of the Group's properties result in having most of the supply chain being 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 in order 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). Facility management expenses are predominantly spent locally. OPEX and CAPEX costs mostly comprise labour-intensive services and to that extent are purchases that cannot be relocated. Capitalised construction works are non-recurring expenses depending on development activity.

3.6.2 Value chain due diligence/CSDDD

Whilst the Corporate Sustainability Due Diligence Directive (CSDDD/CS3D) in its current form is not expected to be applicable to VGP due to the turnover and employee thresholds of companies in scope, the Group agrees to the principals of what the Directive is aiming to achieve. As part of its aim to help the EU transition toward a more climate-neutral and green economy, the CSDDD would oblige companies to ensure their business models and strategies are compatible with the Paris Agreement. Additionally, companies that identify climate change as “a principal risk for, or a principal impact of,” their operations would have to include emissions reduction objectives in their business plans. For human rights due diligence, the CSDDD is expected to align with existing international standards to which the Group already complies. These include the UN’s Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, and the OECD Due Diligence Guidance for Responsible Business Conduct. The impact on Directors’ duty of care and remuneration will be further assessed.

VGP is committed to protecting human rights, health, safety and the environment in its value chain. To strengthen its approach to responsible procurement, VGP established a mapping of ESG-related risks in its supply chain in 2021 as reported in the Corporate Responsibility Report 2021. This mapping allows VGP to understand and identify key risks related to sustainability in its upstream value chain and will allow the Group to define and implement action plans to manage these risks.

3.6.3 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 procedures (and specifically in the Code of Conduct and the Anti Bribery and Anti-Corruption policy), all purchases must comply with the applicable local laws and regulations, especially labour and environmental laws.

To secure the proper application of these rules, in the case of a tender process and over the term of a contract, the supplier can contact the VGP Compliance Officer at any time to raise and submit a complaint, in accordance with the Group’s whistleblowing procedure. The VGP internal audit team can carry out regular audits across the Group to validate the thorough application of the Group’s procurement policy.

The ESG approach is fully integrated at each step of the supplier procurement and referencing process of VGP.

In the CDP Supplier Engagement Rating Report 2023, VGP received an A- score for its supplier engagement, which is the leadership band higher than the Europe regional average (B-) and higher than the real estate sector average (B-).



VGP Park Rodgau, Germany

3.6.3.1 Selection of suppliers

VGP chooses its contractors with great care and ensures they comply with its procurement policy. The Group-wide purchasing procedure guarantees an optimised price for the best level of service while securing an equal treatment among providers/suppliers. It states that the 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 onboarding procedure of the Group. These due diligences aim to assess the partner exposure to corruption risk, and identifying 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 to the Group's information in its choice of suppliers and form part of the criteria considered in tender processes.

Each purchasing step is duly documented for traceability. Built around NetSuite, a web-based solution for purchasing management was launched in 2021. It 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. This solution secures the administrative management for the whole purchasing cycle.

3.6.3.2 Inclusion of ESG criteria in contractual clauses

General purchasing conditions apply for all the countries in which VGP operates, although they 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 and discrimination, respect for human dignity and for employees' work including a commitment to comply with the conventions of the International Labour Organisation ("ILO") and with local employment legislation, preservation of the environment and reporting practices that are in breach of these principles using the contact procedure provided by the Group.

Suppliers are required to comply with all relevant safety (we generally expect our general contractors and health-and-safety coordination partners to comply with ISO 45001), 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.

Compliance with ISO HSE and environmental management accreditation

% of general contractors complying with ISO 45001 – Safety Management System (projects under construction and delivered in 2023)	86%
% of general contractors complying with ISO 14001 – Environmental Management System (projects under construction and delivered in 2023)	86%
% of HSE coordinators separately certified by ISO 45001	33%

For projects under construction, the contracts signed with suppliers state that the Group and the companies it controls are committed to reducing the carbon footprint of their projects, particularly during the development phase of the assets.

A clause indicates that the construction companies involved in the Group's projects must take the carbon impact into account when selecting construction techniques, materials and technical solutions. After each project review and at all project stages, an arbitration regarding the carbon footprint impact is to be taken for the proposed solution to be submitted to the Group. The principles and action plans used to select the most sustainable materials with a reduced carbon content are specified in Section 3.2.3 Construction materials.

3.6.3.3 Raising awareness among existing suppliers

To encourage existing suppliers and contractors to improve sustainable operating practices and use environmentally sustainable materials, the Group is sharing its ESG policy and related environmental and social targets with all its main service providers Group-wide through official communication letters. These included contents and ambitions of the Group ESG strategy and the announcement of further supplier engagement on ESG topics. With significant material suppliers in 2022-2023 a dialogue has been initiated to better understand the carbon footprint of materials usage and ways to further improve such footprint. The Group confirmed its willingness to work together with its supply chain also in its SBTi submission.

Supplier active dialogue 2023

% of significant suppliers having to comply with supplier code of conduct	100%
Significant suppliers engaged in ESG dialogue including carbon footprint improvement alternatives	68 (29%)

The Group has also introduced initiatives concerning incentives for energy savings and waste segregation performance. These site-by-site practices challenge contractors and suppliers and serve as a basis to involve them in a process of continuous improvement for all assets.

3.6.3.4 Improving the ESG performance of suppliers

Increasingly supplier assessment of compliance with environmental clauses, management modes and service quality are performed on key services.

The supplier assessment process allows for the evaluation of supplier compliance with contractual requirements and to anticipate tender needs. Data collected through these assessments, once consolidated, are also shared with contractors through project steering meetings.

In addition, our procurement team supported by our head of product innovation reaches out to high-impact suppliers to discuss potential improvements to their ESG product footprint.

3.7 VGP in the community



This is the Hungarian team during their Community day



In 2023 a total of 345 books were collected across VGP Parks in Spain which were donated to children during La Diada de Sant Jordi, April 23

Input from and consultation with local stakeholders shapes the design, purpose and tenant occupational mix of VGP Parks. The Group is committed to meeting the distinct interests of each municipality and creating mutually beneficial outcomes including local connectivity, a compelling business mix and direct employment for local residents, and long-term project success.

The Group's economic success is based on a strong relationship with its stakeholders: tenants, customers, investors, local communities, suppliers and contractors, as well as employees. These strong relationships are critical to develop and operate Parks meeting stakeholders' expectations in all respects. VGP is aware of the economic importance of its real estate properties: in addition to being a contributor to urban planning for logistics and semi-industrial zones within cities, providing public facilities and developing technically advanced and sustainable buildings and well connected places, VGP plays a key role in the local ecosystem as an economic driver: offering direct employment through construction and operational spending, indirect employment by tenants' operations and network activities, suppliers' activities and local taxes.

For development projects, a community engagement program is typically set up at the start of the design phase in order to collect feedback from council, neighbours or other local stakeholders. When construction activities begin the aim is for neighbours to be informed about the anticipated project and provide contact details in case of questions. In 2023, 100% of development projects had a community engagement program.

An example of a project is the annual book collection during the week of Sant Jordi in our Spanish parks. The Day of Books and Roses, April 23, is celebrated in Catalonia, Spain. On this day, love and literature are celebrated throughout Catalonia. Books and roses are exchanged. Our local facility & property management team organizes a collection of books across the tenants in our Spanish parks and delivers the books to associations working with children. In total 345 books were collected

and donated. In the week before Christmas, they collected toys which were donated to several social organisations.

3.7.1 Expand local economies

Be it at a regional or country level, having a clear understanding of the economic and social impacts of its activities is key for the Group. VGP assesses the social and economic impact of each development project, which includes both the temporary impacts of the construction phase, as well as the long-term contribution of the asset's operations to the prosperity of local communities. Throughout the development, the Group not only generates construction-related jobs, but often also contributes to the development of transportation infrastructure, dynamizing the communities in which it operates. Once completed, projects serve as catalysers of local employment (directly and indirectly), economic activity and tax income. The Group's developments play a key role in revitalising and regenerating areas, attracting additional investment and projects, and unlocking their growth potential. The assessment and enhancement of the socio-economic impact of development projects supports a constructive dialogue and collaboration with the local authorities.

Once parks are in operation, the consideration of the socio-economic impact is fully integrated as part of the decision-making procedures; local companies are typically favoured for new space requirements; social and economic criteria are systematically considered and addressed when entering in relationships with stakeholders, particularly with the supply chain during the purchasing process.



VGP Austria team during local Community Day 2023 planting trees in a forest near Vienna.

3.7.2 VGP Community Day

The VGP Community Day is designed to engage a large number of employees in volunteering for a local charity, involving each of the 17 countries where the Group operates.

During 2023, our local teams were very productive in organizing a VGP Community Day in their respective countries. A total of 46% of Group employees delivered more than 1,440 volunteering hours in 2023.

Some example initiatives:

- Our Hungarian VGP team had a very productive and enriching Community Day at a foster home for vulnerable children, near the Budapest office. They repainted existing benches and toys, created new Canadian benches and development toys on asphalt, cleaned the garden, and much more to brighten the environment and to give the children the best possible place to stay.
- The entire team of VGP Austria spent a productive Community Day at the forest area of the Heiligenkreuz Abbey, near Vienna. On an area of about 3,000 m², 345 silver fir trees were planted by the team. This way, they contributed to the reforestation of the forest areas, with a lot of fun and commitment, and they were able to learn more about ecological forestry and forest management.

3.7.3 VGP for Jobs

Logistics real estate can have a significant positive impact on the surrounding community.

VGP's business strategy is to build, own and operate logistics facilities close to urban centres. This shortens delivery routes, reduces delivery times and reduces related emissions. VGP's clients and our clients' customers (both business and residential) benefit from next-day or even same-day delivery of the goods and services they need. Additional benefits include plentiful logistics jobs, shorter commute times for logistics workers, reclamation and remediation of abandoned or brown-field sites and even enhancement of local parks and transportation. Based on our understanding of employment generated in our parks as of December 2023 circa 30,000 people go to work under VGP roofs each day (versus c.25,000 in December 2022 and c.20,000 in December 2021). Based on Oxford Economics peer reports the likely direct and indirect impact is closer to 100,000 jobs.

VGP also aims to help the local community benefit from such job creation, including through internship programs.

One example is our participation to the #JovesFutur+ project of the Barça Foundation and Fundació "La Caixa", a project for the inclusion of young people with less opportunities in the labour market. We gave the opportunity to its participants to visit our Spanish office and our VGP Park Llica d'Amunt. They could also meet our tenants, such as Coats, Districenter, Noatum Logistics, Bomi Group, Miscota and Moldstock,S.L. to learn more about the logistics sector, with the aim of preparing them for the labour market.



Local students visiting our tenants in January 2023 at VGP Park Llica d'Amunt organized by VGP in cooperation with the JovesFutur+ project and Fundació "La Caixa"

3.7.3.1 Cities of Making – smaller business units diversify city manufacturing potential

In line with EU Taxonomy minimum safeguards and OECD guidelines for Enterprises, VGP aims to encourage local capacity building through close cooperation with the local community, including business interests, as well as activities consistent with the need for sound commercial practice. A recent JPI Urban Europe study called "Cities of Making" identified, among 10 other "needs", the "need" for city business parks to offer "a suitable mix of unit sizes for a diverse range of business types in according to the phase of their development"¹. Whereas urban logistics service sectors are typically dominated by multinational players, a high proportion of manufacturers are SME (Small and Medium-Sized Enterprises), businesses employing fewer than 250 people, or micro-businesses, employing fewer than 11. A significant number of these smaller businesses depend on the local market for a large part of their income and play an important role within their local communities. By offering smaller spaces available for rent in our parks, VGP can help support diversity in the local economic framework by supporting businesses of various sizes and financial means to find their place. Our ability to offer smaller working units in our business parks within city limits, albeit at a small scale, will further support this effort.

The Group has identified several VGP Parks under development as potential locations for such smaller units, amongst other in our parks in Wiesloch, Velizy and Ceske Budejovice.



Ceske Budejovice (concept small business units)

1 COM-BOOK_20200226.pdf ([citiesofmaking.com](https://www.citiesofmaking.com))



3.8 VGP Foundation

The VGP Foundation strives to encourage nature conservation, have an impact on local communities through social projects, and conserve and protect European cultural heritage. During 2023, 5 additional projects were approved bringing the total to 41 projects of which 25 are currently in execution and 16 completed, with € 6.8 million in total committed or spent.

The VGP Foundation has three focus areas:

- Nature conservation: engaging in projects encouraging nature conservation, such as saving and creating permanent biotopes, protecting animals and their natural habitats, or educational programmes raising public awareness about respective issues
- Social projects: persuaded that access to education and fundamental care are crucial ingredients for their positive development, the VGP Foundation supports social projects around children from disadvantaged environments
- Cultural heritage: the VGP Foundation supports projects which define local regional cultural heritage through various cultural domains such as architecture, music, fine art and other forums of cultural heritage

An example of a project currently under execution and expected to be completed in March 2024 is **Villages Go Green**, a project encouraging nature protection at a grassroots level. The following page describes the project in more detail. Some examples of other projects currently under execution include: Finding new networks for the Eastern Imperial Eagle, Katra valley biodiversity project in South Lithuania, Restoration of Transcarpathian Peatlands “Chorne Bagno”, Ukraine, Ukrainian Center in Brno, Czech Republic and a project conducted by Rewilding Europe in the Velebit mountains in Croatia.

VGP Foundation projects currently in execution

For more information, please visit: www.vgp-foundation.eu/en/projects/



125 Years

Project coordination by NABU International



New Networks for the Eastern Imperial Eagle

Improving the conservation measures for the Eastern Imperial Eagle by transferring knowledge between existing conservation projects and closing knowledge gaps.



Social centre BC Capelderij

BC Capelderij – a safe and inviting place for young people who need to refuel on their life's journey.



TAJO: Talent workshops for disadvantaged youngsters

TAJO is a non-profit initiative started in Ghent (Belgium) promoting a successful educational pathway for disadvantaged youngsters between the age of 10 and 14 years.



Black Rhino Reintroduction

The population of black rhinoceros faced a dramatic decline of 98% in the second half of the 20th century. Classified as "critically endangered", black rhinos are now being reintroduced into the wild in order to avoid their extinction.



Stage fright

A project to make a positive future story possible for under-privileged children who have difficulty finding their way to regular leisure activities or who have problems at school.



New International NABU Crane Centre

NABU e.V. is aiming to establish a unique International Crane Centre in Germany to provide information on climate protection and biodiversity. The New International Crane Centre will be a travel destination for all crane lovers in Europe.



Green educational bastion

The project combines all three focus areas of the Foundation: nature conservation, cultural heritage and education. Bastion IX is an impressive piece of heritage with a piece of unique nature to be integrated into the curriculum of Oscar Romero-college in Dendermonde.



Tibur Hof

Renovating, bringing to modern ESG standards and occupational use of this late-classicist listed mansion and grounds in Rumst, Belgium. Will house offices for VGP Foundation, offering charitable amenities and head office of VGP NV.



Peatland Restoration

We are currently identifying a peatland plot suitable for restoration.



Monitoring of peatland water levels in Germany

Monitoring of peatland water levels as a basis for controlled rewetting of partially drained peatlands in the Rotenburg (Wümme) and Stade counties.



Reorganization of Retezat Biosphere Reserve

Reorganization and adjustment of Retezat Biosphere Reserve, in order to fulfil the MAB criteria on Biosphere Reserves



Ukrainian Center in Brno

The Ukrainian Center in Brno offers social, psychological, and educational services for people from Ukraine seeking refuge from war, mostly women with children.



Aristeu Bee project

Protection of bees by placing beehives around VGP parks and donating the produced honey to children's social canteens. A start-up project to remove in the VGP park Lliça d'Amunt.



CESAMM: Centre for Social Action and Music Making

The centre is created as part of the Chair Jonet at the University and University College of Ghent to develop research as well as to accompany musicians and social workers who propose music practice as a possible way to navigate towards more attractive positions in society.



The Katra river valley Biodiversity

The Lithuanian biodiversity spot for many rare birds, plants, and animals.



Protection of bats in Transcarpathia region

Protecting bats in church towers and public building attics as an affirmation of biodiversity values among religious and local communities.



Dionysos Now!

The research, development, producing, performing and recording of the music of Adriaen Willaert – Flemish Polyphony.



James by Junior Ballet Antwerp

Junior Ballet Antwerp invests in young talent & forms a bridge between the end of studies and the start of a professional ballet career.



Villages Go Green

VGP Foundation encouraging nature protection at a grassroots level in local villages and schools in Cyprus

In 2023 work continued on a project to expand public awareness of the importance of nature conservation in Cyprus. In March 2022, ÇADER, a non-profit civil society organization in Northern Cyprus, successfully completed an Environmental Protection Project for Northern Cyprus, funded by the VGP Foundation and administrated by NABU International. From the gained experience emerged a new project Villages Go Green aiming to further encourage nature protection at a grassroots level and to expand the awareness-raising activities to more schools and other villages.



Green financing of



**the Group
activities**

4.1 EU Taxonomy



VGP team receiving EU Taxonomy verification at Expo Real 2023

4.1.1 Context

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

To be considered environmentally sustainable, an economic activity has to substantially contribute to at least one out of the six following “environmental objectives”, while not causing harm to the others and complying with “minimal safeguards” related social and ethical standards:

- Climate change mitigation;
- Climate change adaptation;
- The sustainable use and protection of water and marine resources;
- The transition to a circular economy;
- Pollution prevention and control; and
- The protection and restoration of biodiversity and ecosystems.

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

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

4.1.2 VGP share of eligible activities

As a real estate player, VGP is committed to meeting the requirements set by this new Taxonomy Regulation and improving its performance in the coming years to contribute to the broader EU environmental transition. As a developer and operator of assets, VGP’s main eligible activities can be split in the following 3 categories:

- 7.1: Construction of new buildings: buildings that VGP develops. Example: GEROBK – B project which VGP developed in VGP Park Oberkrämer, Germany;
- 7.2: Renovation of existing buildings: buildings that VGP redevelops exceeding “major renovation” thresholds according to local building regulations implementing Directive 2010/31/EU (works amounting to at least 25% of total asset value – excluding land – or affecting over 25% of the surface of the building envelope). Example: none today; and
- 7.7: Acquisition and ownership of buildings: buildings that VGP owns and operates for its own account or on behalf of the joint ventures, including those under development or redevelopment that do not exceed “major renovation” thresholds. Example: The building GER-FRA-A in VGP Park Frankenthal, Germany, owned by the Rheingold Joint Venture.

In addition to the above categories, VGP purchases equipment and services relating to the following categories, which enable its activities to reduce their GHG emissions:

- 7.3: Installation, maintenance and repair of energy efficiency equipment;
- 7.4: Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings);
- 7.5: Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings; and
- 7.6: Installation, maintenance and repair of renewable energy technologies.

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

4.1.3 VGP share of aligned activities

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

- the share of eligible activities in the company’s Revenues,
- Capital expenditures (“CAPEX”) and
- Operational expenditures (“OPEX”)

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

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

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

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

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

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

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

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

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

The change in the share of eligible activities between 2022 (figures published in VGP's 2022 Corporate Responsibility Report) and 2023 is explained by the following factors:

- For eligible revenues: year over year increase driven by increase in total gross revenue growth of the Group (€113.7 million vs €84.7 million over FY2022); and
- For eligible CAPEX: decrease driven by lower capital expenditure (€727 million vs €896 million over FY 2022) and €1.1 million non-eligible expenditure (vs €0.6 million over FY 2022).
- For eligible Operating Expenditure: to the reported net operating expenses service charge income has been added back

4.1.4 Methodology of KPI calculation

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

Allocation rules to the denominators

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

Allocation rules to the numerators: determining eligible activities

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

4.1.5 VGP share of aligned activities

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

4.1.5.1 2023 Results of VGP's share of aligned activities

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

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

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

Alignment figures show that

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

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

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

4.1.5.2 Environmental technical screening criteria

The Annexes I and II to the Commission Delegated Regulation (EU) 2020/852 of 4 June, 2021 supplementing the Taxonomy Regulation lay down the environmental Technical Screening Criteria (“TSC”) to be complied with for each eligible activity to be considered aligned with:

- Climate Change Mitigation (Objective 1), and
- Climate Change Adaptation (Objective 2).

The final Environmental Delegated Act, (EU) 2023/2485 and (EU) 2023/2486 define the TSC of the four other environmental objectives of the Taxonomy Regulation, namely:

- Sustainable use and protection of water and marine resources (objective 3);
- Transition to a circular economy (Objective 4);
- Pollution prevention and control (Objective 5), and
- Protection and restoration of biodiversity and ecosystems (Objective 6).

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

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

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

Below is a summary of the TSC criteria for substantial contribution applied by VGP for each category of its eligible activities, across all its portfolio based on the EPRA Guide for EU Taxonomy¹:

Key activities of the TSC for Construction and Real Estate

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

Note 1

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

Note 2

Construction and civil engineering works or preparation thereof

Note 3

Buying real estate and exercising ownership of that real estate

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

¹ EU Taxonomy Alignment in Listed Real Estate ([epra.com](https://www.epra.com))



VGP Park Olomouc, Czech Republic

4.1.5.3 Do No Significant Harm criteria

Adaptation to Climate Change

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

1. The Group first performed a screening of the climate-related perils among the ones listed in Appendix A to the Annex I of the Climate Delegated Act to identify the ones most material to the business, based on the type of activities, equipment, materials and the geographical footprint of the portfolio. As a result, the following perils were considered applicable: heat stress, water stress, sea level rise, floods, earthquakes and wildfires;
2. For the climate-related perils considered as material, experts identified the most representative climate indicators. Climate indicator values were retrieved for each asset, based on their location. Climate models were then used to estimate the evolution of such values due to climate change, according to different scenarios aligned with the latest IPCC projections (see below). The climate indicator values were then translated into an impact/damage result ranging from 0% to 100%; and
3. As a follow-up to the risk and vulnerability assessment, site visits have been performed aimed at assessing the

adequacy of adaptation measures already in place and at identifying new measures to be implemented. 8 assets have been identified as the ones potentially most at risk from a climate change and business perspective – considering both their multi-peril score and business performances. For each of those assets, adaptation plans will be designed. Asset specific actions will be considered as required. The climate scenarios selected by the experts to perform the climate change related risk analysis up to mid-century (2050) are the SSP2-4.5 (“Middle of the Road”) and SSP5-8.5 (“pessimistic”) scenarios:

- SSP2-4.5 is in line with today's climate policies and 2030 Nationally Determined Contributions targets; and
- SSP5-8.5 is the most pessimistic scenario which was selected to avoid any unanticipated event impacting the Group's assets.

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

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

Other DNSH criteria

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

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

4.1.5.4 Individual measures

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

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

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

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

4.1.5.5 Minimum safeguards

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

Human Rights

Regarding human rights guarantees and due diligence in its own workforce, ethics and respect for human rights are among the core values of the Group. VGP is strictly committed to upholding all fundamental individual rights and labour rights protections (see section 3.5.7 Human Rights and Labour

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

Bribery/Corruption

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

Taxation

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

Fair competition

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

VGP liability and absence of convictions

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

4.1.6 VGP share of aligned activities – European Commission Reporting Templates

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



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

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

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

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

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

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

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

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

OPEX KPI – VGP NV Consolidated							
				Substantial contribution criteria	DNSH criteria		
Economic activities	Code	Absolute OPEX (€ '000)	Proportion of OPEX	Climate change mitigation %	Climate change mitigation Y/N	Climate change adaptation Y/N	
A. Taxonomy-eligible activities							
A.1 Environmentally sustainable activities (Taxonomy-aligned)							
7.1 Construction of new buildings	7.1	N/A	N/A	N/A	N/A	N/A	
7.7 Acquisition and ownership of buildings	7.7	N/A	N/A	N/A	N/A	N/A	
7.6 Installation, maintenance and repair of renewable energy technologies	7.6	N/A	N/A	N/A	N/A	N/A	
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)							
7.1 Construction of new buildings	7.1	—					
7.7 Acquisition and ownership of buildings	7.7	23,328	100.0%				
7.6 Installation, maintenance and repair of renewable energy technologies	7.6	N/A	N/A				
OPEX KPI – Proportional (including JVs at share)							
				Substantial contribution criteria	DNSH criteria		
Economic activities	Code	Absolute OPEX (€ '000)	Proportion of OPEX	Climate change mitigation %	Climate change mitigation Y/N	Climate change adaptation Y/N	
A. Taxonomy-eligible activities							
A.1 Environmentally sustainable activities (Taxonomy-aligned)							
7.1 Construction of new buildings	7.1	142	0.2%	N/A	N/A	N/A	
7.7 Acquisition and ownership of buildings	7.7	2,490	4.4%	100%	YES	YES	
7.6 Installation, maintenance and repair of renewable energy technologies	7.6	N/A	N/A	N/A	N/A	N/A	
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)							
7.1 Construction of new buildings	7.1	—					
7.7 Acquisition and ownership of buildings	7.7	54,591	95.4%				
7.6 Installation, maintenance and repair of renewable energy technologies	7.6	N/A	N/A				

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

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

4.2 Green bonds

4.2.1 Green bond issuances

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.

4.2.2 Green bond criteria

The ESG criteria associated with the Green Bonds were approved by S&P Global/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 off shore 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 BREEAM “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 CRREM, also referring to section 4.1 on EU Taxonomy and section 3.3.4 on CRREM respectively – are published on the Investor Relations' website under the following link: <https://www.vgpparks.eu/en/investors/financial-debt/>

4.2.3 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 as at 31 December 2023 is illustrated below:

Use of categories	Green Bond – April 2029		Green Bond – Jan 2027		Green Bond – Jan 2030		For reference:
	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	EIB loan allocation (€)
Renewable Energy	63,037,369	10.5%	—	0.0%	—	0.0%	44,809,712
Green buildings	752,829,611	125.5%	652,838,768	130.6%	861,878,614	172.4%	
<i>o/w min excellent or gold-rated</i>	518,497,981	86.4%	518,501,517	103.7%	500,514,527	100.1%	
Energy Efficiency	26,274,163	4.3%	—	0.0%	—	0.0%	
Waste Management	—	0.0%	—	0.0%	—	0.0%	
Clean Transportation	658,209	0.1%	—	0.0%	—	0.0%	
Sustainable Water Management	2,702,350	0.5%	—	0.0%	—	0.0%	
(over)/ unallocated	(245,501,701)	(40.8)%	(152,838,768)	(30.6)%	(361,878,614)	(72.4)%	90,190,288
<i>(over)/ unallocated excl BREEAM Very Good or equivalent</i>	11,170,701		(18,501,517)		(514,527)		
Total gross proceeds	600,000,000	100.0%	500,000,000	100.0%	500,000,000	100.0%	135,000,000

The allocation of the proceeds between CAPEX and refinancing:

Type of financing	Grand Total (€)	%
CAPEX financing 2021	656,853,160	41%
CAPEX financing 2022	789,015,636	49%
CAPEX financing 2023	291,031,580	18%
Refinancing	622,824,228	39%
Total	2,359,724,603	147%
Over/(under) allocation	759,724,603	47%
Total gross proceeds	1,600,000,000	100%

With regards to EU Taxonomy compliance, 8% of the proportional investments are in compliance with EU Taxonomy and the Group is conducting a review of several more assets in its portfolio for alignment with EU Taxonomy. As a consequence, the aligned portion of the portfolio with EU Taxonomy is expected to grow substantially in the coming period.

Alignment with EU Taxonomy based on proportional share of investment

	Dec.23	%
Use of proceeds aligned with EU Taxonomy	133,048,522	8%
Incl. proceeds under review/being certified for EU Taxonomy alignment	294,460,522	18%
Use of proceeds eligible for EU Taxonomy (alignment to be assessed)	1,305,539,478	82%
Use of proceeds not aligned with EU Taxonomy	—	
Total	1,600,000,000	100%

4.2.3.1 Green bond – April 2029

Green buildings allocation by certification type (€ – proceeds allocation)

Country	BREEAM – Outstanding	BREEAM – Excellent	DGNB – Platinum	DGNB/OGNI – Gold	Grand Total	%
Austria	—	—	—	64,565,056	64,565,056	12%
Croatia	—	—	—	—	—	0%
Czechia	—	—	—	—	—	0%
Denmark	—	—	—	—	—	0%
France	—	—	—	—	—	0%
Germany	—	—	—	429,589,024	429,589,024	83%
Hungary	—	—	—	—	—	0%
Italy	—	3,011,172	—	—	3,011,172	1%
Latvia	—	—	—	—	—	0%
Netherlands	—	—	—	—	—	0%
Portugal	—	—	—	—	—	0%
Romania	—	18,374,282	—	—	18,374,282	4%
Serbia	—	—	—	—	—	0%
Slovakia	—	—	—	—	—	0%
Spain	—	2,958,448	—	—	2,958,448	1%
Grand Total		24,343,902	—	494,154,079	518,497,981	
% of total ¹	0%	3%	0%	59%	836,349,774	

Renewable energy specification (€ proceeds allocation)

Country	2021	2022	2023	Total	Total (Apr '29 Bond)
Austria	—	—	—	—	—
Croatia	—	—	—	—	—
Czech Republic	—	73,038	2,869,960	2,942,998	73,038
France	—	—	—	—	—
Germany	19,072,084	30,270,609	36,904,646	86,247,339	49,342,693
Hungary	84,909	—	—	84,909	84,909
Italy	—	704,348	3,131,513	3,835,861	704,348
Latvia	—	—	—	—	—
Netherlands	5,309,425	6,644,132	835,417	12,788,974	11,953,557
Portugal	—	—	—	—	—
Romania	—	530,824	1,068,176	1,599,000	530,824
Serbia	—	—	—	—	—
Slovakia	—	—	—	—	—
Spain	—	348,000	—	348,000	348,000
Total	24,466,418	38,570,951	44,809,712	107,847,081	63,037,369

Sustainable Water Management (€ proceeds allocation)

Czech Republic	185,354
Germany	2,341,996
Netherlands	175,000
Total	2,702,350

¹ As % of total allocation to the bond (incl over-allocation).

4.2.3.2 Green bond – January 2027

Green buildings allocation by certification type in euros invested

Green buildings specification – € proceeds allocation per sustainable certification level by country						
Country	BREEAM – Outstanding	BREEAM – Excellent	DGNB – Platinum	DGNB/OGNI – Gold	Grand Total	%
Austria	—	—	—	—	—	0%
Croatia	—	—	—	—	—	0%
Czechia	—	—	—	—	—	0%
Denmark	—	—	—	—	—	0%
France	—	—	—	—	—	0%
Germany	—	—	56,414,224	413,558,655	469,972,879	91%
Hungary	—	—	—	—	—	0%
Italy	—	3,641,157	—	—	3,641,157	1%
Latvia	—	—	—	—	—	0%
Netherlands	—	—	—	—	—	0%
Portugal	—	44,887,482	—	—	44,887,482	9%
Romania	—	—	—	—	—	0%
Serbia	—	—	—	—	—	0%
Slovakia	—	—	—	—	—	0%
Spain	—	—	—	—	—	0%
Grand Total		48,528,639	56,414,224	413,558,655	518,501,517	
% of total ¹	0%	6%	7%	49%	652,838,768	

4.2.3.3 Green bond – January 2030

Green buildings allocation by certification type in euros invested

Green buildings specification – € proceeds allocation per sustainable certification level by country						
Country	BREEAM – Outstanding	BREEAM – Excellent	DGNB – Platinum	DGNB/OGNI – Gold	Grand Total	%
Austria	—	—	—	105,376,919	105,376,919	20%
Croatia	—	—	—	—	—	0%
Czechia	—	36,638,240	—	—	36,638,240	7%
Denmark	—	—	—	—	—	0%
France	—	—	—	—	—	0%
Germany	—	—	—	255,966,862	255,966,862	49%
Hungary	—	—	—	—	—	0%
Italy	—	—	—	—	—	0%
Latvia	—	—	—	—	—	0%
Netherlands	—	—	—	—	—	0%
Portugal	—	17,103,590	—	—	17,103,590	3%
Romania	11,834,453	34,454,989	—	—	46,289,442	9%
Serbia	—	—	—	—	—	0%
Slovakia	—	—	—	—	—	0%
Spain	—	39,139,474	—	—	39,139,474	8%
Grand Total	11,834,453	127,336,293	—	361,343,782	500,514,527	
% of total ²	1%	15%	0%	43%	861,878,614	

1 As % of the total allocation to the bond (including over-allocation).

2 As % of the total allocation to the bond (including over-allocation).

4.2.4 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.

4.2.5 Annual Reporting on green bonds in compliance with framework

4.2.5.1 Renewable energy



This category includes 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.

Of the 116 photovoltaic projects on VGP Parks' roofs 104 are owned and operated by VGP and of these 87 are included in the Green Finance Framework allocation. Of these 65 systems were operational by December 2023, representing 86 MWp and a further 22 were under construction/waiting for grid connection, representing 48 MWp.

The eligible photovoltaic investments have generated green energy in 2023 for in total 44 GWh, equivalent to 19,519 tCO₂e. For calculating the equivalent CO₂ emissions, the average grid factor of the VGP Parks portfolio of 0.439 tCO₂/MWh¹ has been used:

Full year actual renewable energy production	2021	2022	2023
Full year production (MWh)	8,216	27,449	44,496
Emission factor (tCO ₂ /MWh)	0.308	0.333	0.439
Avoided emissions (tCO ₂)	2,529	8,450	19,519

Anticipated annual renewable energy production	2022	2023
Full year production (MWh)	105,303	120,321
Emission factor (tCO ₂ /MWh)	0.333	0.439
Avoided emissions (tCO ₂)	32,417	52,781

Please refer to the table below for the allocation of PV systems per bond and by status of the PV system (operational vs under construction):

Country/Park/Building code	PV capacity (KWp)		Production KWH p.a.	Bond allocation		
	existing	awarded		Apr-29	Jan-27	Jan-30
Germany						
VGP Park Berlin						
GERBER – A	745		627,698	x		
VGP Park Berlin 2						
GERBER2 – B	746		628,811	x		
GERBER2 – C	750		631,930	x		
VGP Park Berlin 4						
GERBER4 – M		1,591	1,341,044	x		
VGP Park Berlin Oberkrämer						
GEROBK – A		299	243,889	x		
GEROBK – A		849	691,691	x		
GEROBK – D	639		521,078	x		
VGP Park Berlin Wustermark						
GERWUS – A1	745		683,543	x		
VGP Park Borna						
GERBOR – A	748		642,910	x		
VGP Park Buseck						
GERBUS – A	749		643,020	x		

¹ For each year the average emission factor for grey electricity for the VGP portfolio has been used. For an explanation of the year-over-year change in emission factor, please refer to section 3.1.2.2 "GHG emissions from tenant operations".

Country/Park/Building code	PV capacity (KWp)		Production	Bond allocation		
	existing	awarded	KWH p.a.	Apr-29	Jan-27	Jan-30
VGP Park Chemnitz						
GERCHE – A	746		693,706	x		
VGP Park Erfurt						
GERERF – A	750		622,185	x		
GERERF – A		1,538	1,276,125	x		
VGP Park Erfurt 2						
GERERF2 – B		3,327	2,761,609	x		
VGP Park Erfurt 3						
GERERF3 – A		2,451	2,034,330	x		
VGP Park Gießen Am alten Flughafen						
GERGAF – A	7,770		7,070,245	x		
GERGAF – B	1,000		909,991	x		
GERGAF – B	2,399		2,183,008	x		
GERGAF – PH		869	790,972	x		
VGP Park Ginsheim						
GERGIN – A	748		672,099	x		
VGP Park Göttingen						
GERGOE – A	750		625,367	x		
GERGOE – A	747		623,031	x		
GERGOE – B			—			
VGP Park Göttingen 2			—			
GERGOE2 – C	3,870		3,227,580	x		
GERGOE2 – C	497		409,759	x		
GERGOE2 – C	2,244		1,871,496	x		
VGP Park Halle						
GERHAL – A		1,830	1,661,858	x		
GERHAL – B		2,303	2,090,724	x		
GERHAL – C		3,365	3,055,674	x		
VGP Park Halle 2						
GERHAL2 – A		1,328	1,205,824	x		
GERHAL2 – B						
VGP Park Hamburg						
GERHAM – A1	750		586,952	x		
GERHAM – A2	750		586,952	x		
GERHAM – A3			—			
VGP Park Hamburg 2						
GERHAM2 – B1	2,544		1,991,670	x		
GERHAM2 – B2	750		586,952	x		
GERHAM2 – B3			—			
VGP Park Hamburg 3						
GERHAM3 – C	750		586,952	x		
VGP Park Hochheim						
GERHOH – A		1,115	1,014,832	x		
VGP Park Höchststadt						
GERHOE – A	748		662,560	x		
VGP Park Koblenz						
GERKOB – A		3,174	2,815,338	x		
VGP Park Laatzen						
GERLAA – A		3,624	2,917,642	x		
GERLAA – B						
GERLAA – C	3,567		2,871,435	x		

Country/Park/Building code	PV capacity (KWp)		Production	Bond allocation		
	existing	awarded	KWH p.a.	Apr-29	Jan-27	Jan-30
GERLAA – PH Ost		375	301,875	x		
VGP Park Leipzig Flughafen						
GERLFH – A	299		272,064	x		
GERLFH – A	899		817,282	x		
VGP Park Leipzig Flughafen 2						
GERLFH2 – B		2,349	2,135,241	x		
VGP Park Lützellinden						
GERLUE – A	748		654,080	x		
VGP Park Magdeburg						
GERMAG – A	750		643,174	x		
GERMAG – A	1,798		1,542,856	x		
GERMAG – B	2,244		1,925,077	x		
GERMAG – C		10,273	8,814,200	x		
GERMAG – F	4,095		3,513,510	x		
VGP Park München						
GERMUE – A	748		740,207	x		
GERMUE – A	1,696		1,677,423	x		
GERMUE – B	3,791		3,749,101	x		
GERMUE – C	3,003		2,970,442	x		
GERMUE – E	1,895		1,874,551	x		
GERMUE – F	97		96,131	x		
GERMUE – PH Nord		460	454,940	x		
GERMUE – PH Sud	316		312,425	x		
VGP Park Rodgau						
GERROD – C	746		707,132	x		
VGP Park Rostock						
GERROS – A		2,193	1,890,366	x		
VGP Park Schwalbach						
GERSCH – A	645		569,049	x		
VGP Park Soltau						
GERSOL – A	749		593,798	x		
GERSOL – A	2,399		1,902,407	x		
VGP Park Wetzlar						
GERWET – B	747		644,696	x		
Italy						
VGP Park Calcio						
ITACAL – A	16		18,320			
ITACAL – A		3,176	3,636,806	x		
VGP Park Sordio						
ITASOR – A	25		28,400			
ITASOR – A		940	1,068,033	x		
VGP Park Valsamoggia						
ITAVAL – B		992	1,278,688	x		
Netherlands						
VGP Park Nijmegen						
NLDNIJ – A	2,279		2,096,993	x		
NLDNIJ – A	1,518		1,396,762	x		
NLDNIJ – A	1,012		930,764	x		
NLDNIJ – E						
VGP Park Nijmegen 2						
NLDNIJ2 – B1B2	869		799,020	x		

Country/Park/Building code	PV capacity (KWp)		Production	Bond allocation		
	existing	awarded	KWH p.a.	Apr-29	Jan-27	Jan-30
NLDNIJ2 – B1B2	2,213		2,036,328	x		
NLDNIJ2 – B3B4	5,940		5,464,800	x		
NLDNIJ2 – C	3,779		3,476,680	x		
VGP Park Roosendaal						
NLDROO – A	3,899		3,579,392	x		
Spain						
VGP Park Fuenlabrada						
ESPFUE – A	100		134,300	x		
VGP Park Lliçà d'Amunt						
ESPLLI – A	46		57,927	x		
ESPLLI – C	78		98,580	x		
ESPLLI – D	83		105,780	x		
VGP Park San Fernando de Henares						
ESPSFH – A	53		69,405	x		
ESPSFH – B1	63		82,625	x		
ESPSFH – C1	36		47,116	x		
ESPSFH – D1	20		26,440	x		
ESPSFH – E	18		23,796	x		
VGP Park Valencia Cheste						
ESPVAL – A	33			x		
ESPVAL – B	66			x		
Grand Total	86,309	48,422	120,321,463		0	0

Please refer to section 3.3.3 Energy Management and specifically 3.3.3.1 Production of Renewable Energy for further information on the Group's initiatives and KPIs with respect to renewable energy production.

4.2.5.2 Green buildings



Definition of the framework

The framework defines eligible 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, BREEAM "Very Good" certification (or equivalent DGNB Silver/LEED Silver rating).

In total 136 eligible building projects have been identified and allocated under the Green Financing framework. This Green building portfolio has predominantly been built since 2021 or is currently under construction. Given this is such a new portfolio it benefits from the latest ESG features of our building standard and green energy sourcing.

As a reflection of the year-over-year improvement of the quality of the portfolio, the building allocation has been upgraded to cover the required amount through buildings with a green building certification of BREEAM Excellent or DGNB Gold or better.

CRREM and 1.5°C pathway

The Group has analysed various asset specific and portfolio-based solutions to improve the stranding date. Based on the retrofit plans, heat pump initiatives, photovoltaic roll-out and green electricity transition an upgrade to 1.5°C pathway compliance until 2050 is envisaged. Further details are included in section 3.3.4.1 CRREM retrofit and improvement actions.

Upgrade to minimum BREEAM Excellent or DGNB Gold allocation

The 136 eligible building projects have been identified and allocated to the three outstanding green bonds which is shown in the table below. The table also shows the certification level as well as status of the certification process. The BREEAM Excellent or DGNB Gold rated buildings have been taken as a minimum to allocate the bonds in full.

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 a project would not achieve the required certification level it will be removed from the eligible green buildings investments portfolio.

EPC

Of the completed building portfolio which is part of the net proceeds allocation of the green bonds and which has obtained an EPC rating as of 31 December 2023, 76% has received an energy EPC B score or better¹. In light of EU Taxonomy reviews existing EPC scores continue to be reviewed and updated (as the initial ECP rating from the development phase not always reflects all retrofits or investments in eco-efficiency conducted since).

¹ Given no EPC letter score is available in Germany the (conservative) residential equivalent score has been used with end-use energy below 50 KWh/m²/annum EPC A – <https://eurodw.eu/the-babel-tower-of-energy-performance-certificate-ratings-and-databases-in-europe/>

Building		Certification		Allocation		
Code	GLA (m ²)	Level	Status	Green Bond – April 2029	Green Bond – Jan 2027	Green Bond – Jan 2030
AUTEHR – A	39,813	ÖGNI – Gold	Ongoing			
AUTEHR – B	33,146	ÖGNI – Gold	Ongoing			x
AUTEHR – C	7,585	ÖGNI – Gold	Ongoing	x		
AUTGRA – A	16,537	BREEAM – Very Good	Ongoing			x
AUTGRA2 – B	8,212	ÖGNI – Gold	Realized	x		
AUTGRA2 – C	14,348	ÖGNI – Gold	Ongoing	x		
AUTLAX – A	26,076	ÖGNI – Gold	Ongoing			x
AUTLAX – B	23,372	ÖGNI – Gold	Ongoing			x
CZECEB – A	5,917	BREEAM – Excellent	Ongoing			x
CZECEB – B	8,749	BREEAM – Excellent	Ongoing			x
CZECEB – C	9,424	BREEAM – Very Good	Realized		x	
CZECEB – D	14,004	BREEAM – Excellent	Ongoing			x
CZECEB – E	48,313	BREEAM – Excellent	Ongoing			x
CZEHNN – H1	40,361	LEED – Silver	Realized			x
CZEHNN2 – H6	30,215	BREEAM – Very Good	Realized		x	
CZEKLA – A	15,806	BREEAM – Very Good	Realized			x
CZEKLA – B	11,193	BREEAM – Very Good	Realized	x		
CZEOL03 – M	8,665	BREEAM – Excellent	Ongoing			x
CZEOL04 – E	4,269	BREEAM – Excellent	Ongoing			x
CZEOL05 – F	65,889	BREEAM – Very Good	Realized		x	
CZEPIL – E	5,790	BREEAM – Very Good	Realized		x	
CZEPRO – A	15,330	BREEAM – Very Good	Realized		x	
CZEPRO – B	25,055	BREEAM – Very Good	Realized		x	
CZEPRO – C	10,351	BREEAM – Excellent	Ongoing			x
CZEUST2 – A	22,813	BREEAM – Very Good	Ongoing			x
CZEUST2 – B	29,309	BREEAM – Very Good	Ongoing			x
CZEVYS – A	28,868	BREEAM – Very Good	Realized		x	
ESPCOR – A	15,419	BREEAM – Excellent	Ongoing			x
ESPCOR – B	7,218	BREEAM – Excellent	Ongoing			x
ESPDOH – B	29,091	BREEAM – Very Good	Realized			x
ESPFUE – A	41,752	BREEAM – Very Good	Realized			x
ESPGRA – A	8,920	BREEAM – Very Good	Realized		x	
ESPLLI – A	13,639	BREEAM – Very Good	Realized		x	
ESPLLI – D	7,205	BREEAM – Very Good	Realized			x
ESPLLI – E	22,195	BREEAM – Very Good	Realized	x		
ESPMAR – A	10,102	BREEAM – Excellent	Ongoing			x
ESPSEV – A	15,057	BREEAM – Excellent	Ongoing			x
ESPSEV – B	13,530	BREEAM – Excellent	Ongoing	x		
ESPSFH – C1	7,947	BREEAM – Very Good	Realized			x
ESPSFH – C2	5,165	BREEAM – Very Good	Realized	x		
ESPSFH – D1	11,453	BREEAM – Very Good	Realized			x
ESPSFH – D2	27,579	BREEAM – Excellent	Realized			x
ESPVAL – A	14,177	BREEAM – Very Good	Realized			x
ESPVAL – B	25,409	BREEAM – Very Good	Realized			x
ESPVAL – C	25,517	BREEAM – Excellent	Ongoing			x
ESPZAR – A	18,074	BREEAM – Very Good	Realized			x
ESPZAR – B	21,373	BREEAM – Very Good	Realized		x	
ESPZAR – C1	22,556	BREEAM – Very Good	Realized			x
ESPZAR – C2	13,616	BREEAM – Very Good	Realized			x
ESPZAR – D	19,146	BREEAM – Excellent	Ongoing			x
GERBER4 – M	17,337	DGNB – Gold	Realized		x	

Building		Certification		Allocation		
Code	GLA (m ²)	Level	Status	Green Bond – April 2029	Green Bond – Jan 2027	Green Bond – Jan 2030
GERERF – A	26,214	DGNB – Gold	Ongoing			x
GERERF2 – B	41,815	DGNB – Gold	Ongoing			x
GERERF3 – A	29,183	DGNB – Gold	Ongoing			x
GERFRA – A	146,898	BREEAM – Very Good	Realized			x
GERGAF – A1	124,922	DGNB – Gold	Ongoing		x	
GERGAF – A2	28,352	DGNB – Gold	Ongoing		x	
GERGAF – B	59,150	DGNB – Gold	Ongoing			x
GERGOE2 – C	80,157	DGNB – Gold	Realized		x	
GERHAL – B	26,848	DGNB – Gold	Realized		x	
GERHAL – C	37,933	DGNB – Gold	Realized		x	
GERHAL2 – A	14,862	DGNB – Gold	Ongoing		x	
GERHDW – A	20,465	DGNB – Gold	Ongoing		x	
GERHDW – B	29,139	DGNB – Gold	Ongoing	x		
GERHDW – C	25,850	DGNB – Gold	Ongoing			x
GERHDW2 – A	43,471	DGNB – Gold	Initiation	x		
GERHOH – A	12,025	DGNB – Gold	Ongoing		x	
GERKOB – A	32,377	DGNB – Gold	Ongoing	x		
GERLAA – A	55,398	DGNB – Platinum	Realized		x	
GERLAA – B	11,803	DGNB – Platinum	Realized		x	
GERLAA – C	51,262	DGNB – Gold	Realized			x
GERLAA – D	8,519	DGNB – Gold	Realized			x
GERLEI – C1	2,519	DGNB – Gold	Realized		x	
GERLEI – C2	2,379	DGNB – Gold	Realized			x
GERLFH – A	16,298	DGNB – Gold	Ongoing		x	
GERLUE – A	14,156	DGNB – Gold	Realized	x		
GERMAG – A	31,869	DGNB – Gold	Realized	x		
GERMAG – B	42,368	DGNB – Gold	Ongoing	x		
GERMAG – C1	67,376	DGNB – Gold	Ongoing	x		
GERMAG – D	74,045	DGNB – Gold	Ongoing	x		
GERMAG – F	51,995	DGNB – Gold	Ongoing	x		
GERMUE – A	56,874	DGNB – Gold	Realized	x		
GERMUE – B	81,549	DGNB – Gold	Ongoing	x		
GERMUE – C	48,471	DGNB – Gold	Ongoing		x	
GERMUE – E	39,352	DGNB – Gold	Ongoing			x
GERMUE – F	7,487	DGNB – Gold	Ongoing	x		
GEROBK – A	13,717	DGNB – Gold	Realized	x		
GEROBK – B	11,502	DGNB – Gold	Realized	x		
GEROBK – C	9,086	DGNB – Gold	Ongoing	x		
GEROBK – D	24,223	DGNB – Gold	Realized		x	
GERROS – A	20,447	DGNB – Gold	Ongoing			x
GER SOL – A	55,813	DGNB – Gold	Realized	x		
GERWUS – A1	10,997	DGNB – Gold	Realized	x		
HRVLUC – A	36,867	BREEAM – Very Good	Ongoing		x	
HUNBUD – A	29,853	BREEAM – Very Good	Ongoing			x
HUNBUD – B.1	11,015	BREEAM – Very Good	Realized	x		
HUNBUD – C1.1	13,544	BREEAM – Very Good	Ongoing		x	
HUNGYO2 – A	37,998	BREEAM – Very Good	Ongoing			x
HUNGYO2 – B	13,915	BREEAM – Very Good	Ongoing	x		
HUNKEC – A	21,937	BREEAM – Very Good	Ongoing	x		
HUNKEC – C	20,149	BREEAM – Very Good	Ongoing			x
ITACAL – A	23,303	BREEAM – Very Good	Realized	x		

Building		Certification		Allocation		
Code	GLA (m ²)	Level	Status	Green Bond – April 2029	Green Bond – Jan 2027	Green Bond – Jan 2030
ITAPAD – A	15,301	BREEAM – Very Good	Realized	x		
ITAPAD – B	7,246	BREEAM – Very Good	Realized	x		
ITAPAR2 – A	5,710	BREEAM – Excellent	Realized		x	
ITASOR – A	12,035	BREEAM – Very Good	Realized			x
ITAVAL – A	6,679	BREEAM – Excellent	Realized	x		
ITAVAL – B	16,106	BREEAM – Very Good	Realized	x		
LVARIG – A1	7,030	BREEAM – Very Good	Ongoing			x
LVATIR – A	28,897	BREEAM – Very Good	Realized	x		
NLDNIJ – A	67,352	BREEAM – Very Good	Realized			x
NLDNIJ2 – B1B2	42,505	BREEAM – Very Good	Ongoing			x
NLDNIJ2 – B3B4	62,520	BREEAM – Very Good	Ongoing			x
NLDNIJ2 – C	35,052	BREEAM – Very Good	Ongoing			x
NLDROO – A	41,960	BREEAM – Very Good	Realized			x
NLDROO – B	9,294	BREEAM – Very Good	Realized			x
PRTLLOU – A	12,606	BREEAM – Excellent	Ongoing			x
PRTLLOU – B	7,143	BREEAM – Excellent	Ongoing		x	
PRTMON – A	31,789	BREEAM – Excellent	Ongoing		x	
PRTSIN – A	12,901	BREEAM – Excellent	Ongoing		x	
PRTSMF – A	29,813	BREEAM – Very Good	Realized		x	
ROMARA – A	29,414	BREEAM – Very Good	Realized	x		
ROMARA – B	40,081	BREEAM – Excellent	Ongoing			x
ROMBRA – A	28,956	BREEAM – Very Good	Realized	x		
ROMBRA – B1	20,920	BREEAM – Excellent	Ongoing			x
ROMBRA – B2	13,812	BREEAM – Excellent	Ongoing			x
ROMBRA – E	9,556	BREEAM – Very Good	Realized	x		
ROMBRA – I	17,465	BREEAM – Excellent	Realized			x
ROMBUC – C	30,507	BREEAM – Very Good	Realized	x		
ROMBUC – D	15,699	206 – BREEAM – Outstanding	Realized			x
ROMTIM2 – D	30,775	BREEAM – Very Good	Realized		x	
ROMTIM3 – E	32,768	BREEAM – Excellent	Ongoing	x		
SVKBRA – F	57,328	BREEAM – Very Good	Realized	x		
SVKBRA – G	19,201	BREEAM – Very Good	Ongoing	x		
SVKBRA – H	18,354	BREEAM – Very Good	Realized	x		

Please refer to section 3.2 Sustainable Properties and more specifically 3.2.2 Environmental certifications for additional details on the Group's certification initiatives.

4.2.5.3 Energy efficiency



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

Whilst not all eco-efficiency measures have been separately accounted for the measures identified include air heat pumps, energy saving LED investments, sun protection and moving sensors in offices to reduce energy consumption. These expenditures and refurbishments in 102 buildings have resulted in ca. €41 million of additional eligible investments, the proportional eligible spent amounts to €26 million.

Properly sized heat pump installations instead of gas-powered heating help reduce the gas consumption of our buildings. Furthermore, such HVAC installations allow more easily to heat or cool different areas of the warehouse separately depending on occupancy and use. Automated controls further help optimize the operation of HVAC systems based on occupancy schedules and temperature settings in offices.

Energy efficiency measures	
Avoided energy consumption and emissions	2023
Avoided energy consumption (MWh)	35,317
Emission factor (tCO ₂ /MWh)	0.058
Avoided emissions (tCO ₂)	2,054

The emission factor is weighted emission factor based on the effective net kWh savings in electricity and gas against portfolio average emission factors of electricity (0.439 tCO₂/MWh) and gas (0.1850 tCO₂/MWh). For heat pumps an annualized Coefficient of Performance (CoP) of 3.0 is assumed. Details on the energy efficiency measures and related KPIs are discussed in more detail in section 3.3 Improving eco-efficiency.

4.2.5.4 Waste management



The financing and/or refinancing of projects, investments and expenditures which promote better recycling rates. The Group did not isolate any investments made specifically related to waste management. Please refer to section 3.3.6 Waste Management for further information on the Group's waste management user data and KPIs and waste management improvement initiatives.

4.2.5.5 Clean transportation



The financing and/or refinancing of projects, investments and expenditures which promote clean transportation (electric vehicle charging stations, bike facilities, etc.). The Group has set the target to developing connectivity and sustainable mobility for each VGP Park to be equipped with EV charging and public transport access.

The reported investments in electric charging facilities in the VGP Parks in 2023 amounts to € 1.0 million in 50 VGP Parks locations, reflecting the locations where EV chargers have been installed and cost base could be isolated. The proportional eligible spent amounts to €0.65 million. Based on the limited sites for which charging data is available the total kWh charged at the sites is 300,000 kWh per annum.

EV charging infrastructure	
Avoided emissions	2023
Total EV charging (MWh)	299
Assumed car KMs covered ¹	1,573,000
Avoided emissions (kgCO ₂ /km) ²	0.050
Avoided emissions (tCO₂)	79

please note this data is based on a gross-up of sites for which charging data is available

Developing connectivity and sustainable mobility within VGP Parks is one of the key ESG targets of the Group. Further details can be found in section 3.3.7 Develop connectivity and sustainable mobility.

1 Based on assumed 0.19 kWh/km average reach of new European BEVs (€46,000 new price). Source: <https://alternative-fuels-observatory.ec.europa.eu/general-information/vehicle-types>.

2 Based on the emission factor for diesel vehicles (0.15 kgCO₂/KM) minus the emission factor for grey electricity (0.08 kgCO₂/KM) for charging EV vehicles (weighted according to car use in VGP countries).

4.2.5.6 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				
Park	Project	Green Bond – April 2029	Green Bond – Jan 2027	Green Bond – Jan 2030
VGP Park Munchen	Infiltration basin south incl. plants / vegetation	x		
VGP Park Gottingen	Rainwater channels with rainwater retention basin	x		
VGP Park Buseck	Use of rainwater for toilet facilities (cistern, piping, separation systems, technology) and Infiltration of rainwater in the rainwater retention basin	x		
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	x		
VGP Park Roosendaal	Infiltration crates, installation built under building for water overflow and retention (independent of public sewerage)	x		
VGP Park Berlin	Entire green roof for water retention and bio-diversity stimulation	x		
VGP Park Kladno	Rainwater channels with rainwater retention basin	x		
VGP Park České Budějovice	Rainwater channels with rainwater retention basin	x		

In 2023, the water management projects collected 180,800 m³ of rainwater/greywater on site, which were partially used for cleaning and for watering green spaces.

Please refer to section 3.3.5 Water Management for further information on the Group's water management user data and KPIs and water management improvement initiatives.

4.2.6 Independent third party's report on green bond criteria and indicators

VGP has commissioned Cicero Shades of Green, part of S&P Global, as a third-party reviewer to check the allocation against the Green Finance Framework criteria and impact metrics for relevance and transparency. The attestation on the information related to the allocation of funds from Cicero Shades of Green is available hereafter. The original document is also available on VGP's website.



4.3 VGP External Review of Green Finance Reporting 2023

March 7, 2024

This report was produced by S&P using Shades of Green Methodology.

On December 1, 2022, S&P Global acquired Shades of Green from CICERO.

S&P Global has reviewed the elements of VGP's Corporate Responsibility Report 2023 ("Report") relating to its green financing activities. We review against VGP's Green Finance Framework (dated March 2021, the "Framework") criteria, and impact metrics for relevance and transparency.

We consider that the allocations in the Report align with the Framework. Note that, according to the Report, around 96% of assets in VGP's green portfolio are green buildings. The green buildings project category received a Light Green in our Second Party Opinion. Based on the Shades of Green allocated to the project categories, the investments in VGP's green portfolio are not therefore, on the whole, representative of the Medium Green shading awarded to the Framework in our Second Party Opinion. Nonetheless, we note that – generally speaking – VGP demonstrates a more holistic approach to the climactic and environmental performance of the green buildings portfolio. For example, according to VGP, the green buildings produce more renewable energy than energy consumed, while the green portfolio includes around EUR 1.5 billion of green buildings with BREEAM Excellent or DGNB Gold (or better) certifications, exceeding the minimum Framework requirements.

We consider that the Report utilizes relevant and sufficiently transparent impact metrics. In an improvement on last year's Report, VGP now includes impacts for all project categories to which proceeds have been allocated.

Finally, we consider the Report aligns with the core principles and recommendations contained in ICMA's Handbook – Harmonized Framework for Impact Reporting (June 2023).¹

¹ ICMA Handbook

Project allocation

VGP has issued two green bonds under the Framework, totaling EUR 1.6 billion. The first, issued in March 2021, raised EUR 600 million, and the second, issued in January 2022, raised EUR 1 billion in two, EUR 500 million tranches. Allocation is reported as at December 31, 2023 with eligible assets in VGP's green portfolio totaling around EUR 2.4 billion.

In respect of allocation, we consider the Report aligned with the Framework; for a more detailed review, please see Appendix 1.

The Framework was assigned an overall Medium Green in our Second Party Opinion, reflecting that, during the Second Party Opinion process, VGP noted that the main share of proceeds would be used for renewable energy projects and that proceeds would be used in a "balanced" way.¹ 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). Figure 1 sets out the allocations by Shade of Green, showing that around 96% of assets in VGP's green portfolio are green buildings. Based on the Shades of Green allocated to the project categories, the investments in VGP's green portfolio are not therefore – on the whole – representative of the Medium Green shading awarded to the Framework.

Nonetheless, we note that, generally speaking, VGP demonstrates a more holistic approach to the climactic and environmental performance of its green buildings portfolio. For example: i) the green portfolio includes around EUR 1.5 billion of green buildings with BREEAM Excellent or DGNB Gold (or better) certifications, exceeding the minimum Framework requirements,² ii) according to VGP, the green buildings produce more renewable energy than energy consumed, iii) investments made in energy efficiency, including under the Framework, for example the use of heat pumps as standard (where feasible), and iv) VGP expects a substantial growth in these assets that align with the EU Taxonomy as a result of ongoing alignment reviews.

Allocation by Shade of Green

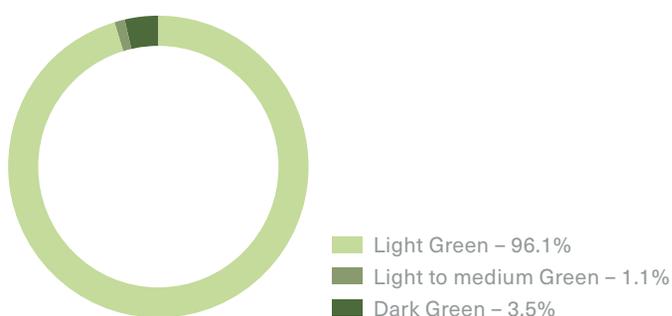


Figure 1: Allocation by SPO Shade of Green. Shading is based on evaluation at time of issuance and does not reflect ex-post project verification.

¹ VGP SPO

² Around 69% of green buildings under the first bond, 79% of the first tranche of the second bond, and 58% of the second tranche of the second bond are (or expect to be) rated BREEAM Excellent or DGNB Gold.

Impact metrics

VGP reports impacts as at December 31, 2023. We consider that VGP provides transparent and relevant impact reporting for all project categories to which proceeds have been allocated; for a more detailed review, please see Appendix 1.

For renewable energy investments, VGP reports impacts for its 116 photovoltaic projects. More specifically, it reports the capacity, full year production, and avoided emissions. For avoided emissions, VGP is transparent on the grid factor used, namely the average grid factor of the 14 European countries in which it operates. No impacts are reported for its one geothermal investment – this is considered only a minor omission.

For green buildings, VGP lists the environmental certification for each financed building. While reporting on

environmental certifications is a fair way to report impacts of green building investments, they are best reported

alongside other metrics such as energy performance. As such, it represents a fair improvement that the Report includes the percentage of (completed) green buildings within the green building portfolio that have an EPC B or better.

In a further improvement on last year's Report, VGP now includes impacts for the energy efficiency and clean transportation project categories. For energy efficiency investments, VGP reports avoided energy consumption and avoided emissions derived from the projects, while for clean transportation, it provides data on total EV charging, avoided emissions, and assumed kilometers covered by car. For sustainable water management, the report provides information on collected and reused rainwater/greywater on site.

Terms

S&P Global provides a review of VGP's annual reporting based on documentation provided by the issuer 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. S&P Global does not validate nor certify the existence of investments and does not validate nor certify the climate effects of investments. Our objective has been to provide an assessment of the extent to which the bond has met the allocation and reporting criteria established in the Framework. The review is intended to inform VGP, investors and other interested stakeholders in VGP's green bond and has been made based on the information provided to us. S&P Global 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.

Appendix 1 – Detailed Review

Category	Description	Review against framework criteria	
• Renewable Energy	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> No discrepancies identified The projects financed under the renewable energy project category are solar panels and one geothermal heating project. 	
• Green Buildings	<ul style="list-style-type: none"> Projects, investments, and expenditures in relation to real estate assets which have received, or are designed and intended to receive, BREEAM “Very Good” certification (or equivalent DGNB/LEED rating). 	<ul style="list-style-type: none"> No discrepancies identified VGP selected DGNB Silver and LEED Silver as equivalent to BREEAM Very Good. Investors should note there is no consensus about the equivalence of different certification schemes. In any case, the Report states that 69% of green buildings under the first bond, 79% of the first tranche of the second bond, and 58% of the second tranche of the second bond are (or expect to be) rated BREEAM Excellent or DGNB Gold. We welcome that the majority of VGP’s green building investments exceed the Framework criteria. 	
• Energy Efficiency	<ul style="list-style-type: none"> Projects, investments and expenditures focusing on energy efficiency measures in existing or new (logistics) buildings, warehouses. Technologies (insulation, LED relighting, motion detectors, energy monitoring tools etc.) and related services and products, including installation. 	<ul style="list-style-type: none"> No discrepancies identified According to the Report, investments under the energy efficiency category are LED investments, sun protection, and moving sensors to reduce energy consumption. VGP has also invested in heat pumps which replace gas heating. 	
• Clean Transportation	<ul style="list-style-type: none"> Electric vehicle charging stations. Bike facilities. 	<ul style="list-style-type: none"> No discrepancies identified According to the Report, investments under the clean transportation category are electric vehicle charging facilities across 36 locations. 	
• Sustainable water and wastewater management	<ul style="list-style-type: none"> Reduction of freshwater consumption. Capturing and recycling rainwater. Green roofing. 	<ul style="list-style-type: none"> No discrepancies identified The Report mentions different projects financed in this project category, such as the construction of rainwater channels with rainwater retention basin, the utilization of rainwater for toilet facilities, and the development of green roofs for water retention. 	

	Impact Metrics	Relevance of metrics	Transparency considerations
	<ul style="list-style-type: none"> Total energy generated (MWh). Avoided CO₂ emissions (tCO_{2e}). 	<ul style="list-style-type: none"> Metrics are relevant and production, capacity, and avoided emissions are listed as core indicators in the ICMA Handbook – Harmonized Framework for Impact Reporting. 	<ul style="list-style-type: none"> Production and avoided emissions are reported on a portfolio basis, while capacity is reported on a project basis. For avoided emissions, VGP uses the average grid factor of the 14 European countries in which it operates. Transparency on this is welcome. No quantitative impacts are provided for the geothermal heating project.
	<ul style="list-style-type: none"> Environmental certification achieved or expected to be achieved. Percentage of (completed) green buildings in the green building portfolio with EPC B or better. 	<ul style="list-style-type: none"> Certification standard (including environmental certifications such as BREEAM, as well as EPCs) is listed as a core indicator in the ICMA Handbook – Harmonized Framework for Impact Reporting. 	<ul style="list-style-type: none"> VGP reports environmental certification on a project basis. Given that environmental certifications do not guarantee, for example, a certain energy use, VGP could consider reporting on additional metrics such as energy use on an absolute and intensity basis. As such, we welcome that the Report includes the percentage of green buildings in the green buildings portfolio with EPC B or better. Going forward, VGP could consider including more contextual information to add colour to this metric, for example how it compares to local regulations. We expect this may occur in parallel with increased reporting on the EU Taxonomy alignment of the green building portfolio.
	<ul style="list-style-type: none"> Avoided energy consumption (MWh) Avoided emissions (tCO₂) 	<ul style="list-style-type: none"> Metrics are relevant and energy savings and avoided emissions are listed as core indicators in the ICMA Handbook – Harmonized Framework for Impact Reporting. 	<ul style="list-style-type: none"> This is the first year that VGP reports on impacts from energy efficiency projects. VGP provides information on the baselines used for calculating avoided energy consumption, and how it derives its emissions factors for calculating avoided emissions. According to VGP, the calculation includes a majority, rather than all, of energy efficiency investments.
	<ul style="list-style-type: none"> Total EV charging (KWh) Assumed car kilometres covered Avoided emissions per km (kgCO₂/km) Avoided emissions (tCO₂) 	<ul style="list-style-type: none"> Metrics are relevant and/or are included in the ICMA Handbook – Harmonized Framework for Impact Reporting as either core or “other sustainability indicators”. 	<ul style="list-style-type: none"> This is the first year that VGP reports on impacts from clean transportation projects. While the Report includes general information about the number of VGP sites with electric vehicle charging, some more precise information about the number and type of investments under the Framework could be helpful. VGP provides sufficient and transparent information on how it has calculated impacts. According to the Report, the calculation is limited to sites where charging data is available.
	<ul style="list-style-type: none"> Collected and reused rainwater/greywater (m³) 	<ul style="list-style-type: none"> Water reuse is listed as a core indicator in the ICMA Handbook – Harmonized Framework for Impact Reporting. 	<ul style="list-style-type: none"> VGP reports on completed projects for this project category. Impacts for projects currently under construction will be reported following completion.

Additional information







5.1 VGP Reporting methodology

VGP uses a variety of tools, processes and indicators to monitor the performance of the assets owned and managed by the Group. These methods are used to structure an environmental, social and societal management approach, track results and to inform its stakeholders about performance. The Group continuously improves its reporting tools and processes in order to fine-tune the quality and accuracy of its consolidated data. This enables the Group to manage its data collection processes more efficiently, track and analyse performance at all levels (site, region, Group) on a regular basis, assess results against targets, and implement suitable corrective measures. The Group sustainability reporting framework, which tracks performance against each of its ESG Strategy commitments is reviewed and updated every year to fine-tune its accuracy. For a detailed explanation of the indicators used, the reporting scope, gross lettable area reference data as well as GPS coordinates, please refer to the VGP website: <https://www.vgpparks.eu/en/investors/environmental-disclosures/>.

5.2 Independent third-party's ESG assurance report

VGP NV

Independent assurance report on selected environmental performance indicators published in the Annual Report of VGP NV for the year ended 31 December 2023

To the board of directors

We have been engaged to conduct a limited assurance engagement on selected environmental performance indicators ("Selected Information") published in the Annual report of VGP NV ("the Company") for the year ending 31 December 2023. In preparing the Selected Information, VGP NV applied the criteria of the GHG Protocol. The Selected Information needs to be read and understood together with the Applicable Criteria.

The Selected Information in scope of our engagement is included in chapter "3.1.2.2 Results: Group carbon footprint" of the Annual Report per 31 December 2023 and is included in below table:

Selected Information	Applicable Criteria
Scope 1 – in tnCO ₂ e	GHG Protocol
Scope 2 – in tnCO ₂ e (market & location based)	GHG Protocol
Scope 3 emissions related to the portfolio in use, category 13, downstream leased assets – in tnCO ₂ e	GHG Protocol

Based on our work as described in this report, nothing has come to our attention that causes us to believe that the above-mentioned Selected Information included in chapter "3.1.2.2 Results: Group carbon footprint" of the Annual Report of VGP NV per 31 December 2023, has not been prepared, in all material respects, in accordance with the Applicable Criteria.

Responsibility of the board of directors

The board of directors of VGP NV is responsible for the preparation of the Selected Information and the references made to it presented in the Annual Report as well as for the declaration that its reporting meets the requirements of Applicable Criteria.

The board of directors is also responsible for:

- Selecting and establishing the Applicable Criteria;
- Preparing, measuring, presenting and reporting the Selected Information in accordance with the Applicable Criteria;
- Designing, implementing, and maintaining internal processes and controls over information relevant to the preparation of the Selected Information to ensure that they are free from material misstatement, including whether due to fraud or error;
- Providing sufficient access and making available all necessary records, correspondence, information and explanations to allow the successful completion of the Services;
- Confirming to us through written representations that you have provided us with all information relevant to our Services of which you are aware, and that the measurement or evaluation of the underlying subject matter against the Applicable Criteria, including that all relevant matters, are reflected in the Selected Information.

Our responsibilities

Our responsibility is to express a conclusion on the Selected Information based on our procedures. We conducted our engagement in accordance with International Standard on Assurance Engagements ISAE 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board (IAASB), in order to state whether anything had come to our attention that causes us to believe that the Selected Information have not been prepared, in all material respects, in accordance with the Applicable Criteria.

Applying these standards, our procedures are aimed at obtaining limited assurance on the fact that the Selected Information do not contain material misstatements. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our work was performed on the data gathered and retained in the reporting scope by VGP NV as mentioned above. Our conclusion covers therefore only the above-mentioned Selected Information included in chapter "3.1.2.2 Results:



VGP Office Prague, Czech Republic

Group carbon footprint” of the Annual Report per 31 December 2023 and not all information included in the Annual Report. The limited assurance on the Selected Information was only performed on the Selected Information covering the year ending 31 December 2023.

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the description of activities undertaken in respect of the Selected Information is likely to arise. The procedures we performed were based on our professional judgment. In carrying out our limited assurance engagement on the description of activities undertaken in respect of the Selected Information, we performed the following key procedures::

- Perform analytical review procedures and consider the risks of material misstatement of the Selected Information.
- Through inquiries of management, obtain an understanding of the Company, its environment, processes and information systems relevant to the preparation of the Selected Information sufficient to identify and assess risks of material misstatement in the Selected Information, and provide a basis for designing and performing procedures to respond to assessed risks and to obtain limited assurance to support a conclusion.
- Perform procedures over the Selected Information, including recalculation of relevant formulae used in manual calculations and assessment whether the data has been appropriately consolidated.
- Perform procedures over underlying data on a statistical sample basis to assess whether the data has been collected and reported in accordance with the Applicable Criteria, including verifying to source documentation.
- Perform procedures over the Selected Information including assessing management’s assumptions and estimates.
- Accumulate misstatements and control deficiencies identified, assessing whether material.
- Read the narrative accompanying the Selected Information with regard to the Applicable Criteria, and for consistency with our findings.

We apply International Standard on Quality Management 1 and, accordingly, maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

In conducting our engagement, we have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which

is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Inherent limitations of the Selected Information

We obtained limited assurance over the preparation of the Selected Information in accordance with the Applicable Criteria. Inherent limitations exist in all assurance engagements.

Any internal control structure, no matter how effective, cannot eliminate the possibility that fraud, errors or irregularities may occur and remain undetected and because we use selective testing in our engagement, we cannot guarantee that errors or irregularities, if present, will be detected.

The self-defined Applicable Criteria, the nature of the Selected Information, and absence of consistent external standards allow for different, but acceptable, measurement methodologies to be adopted which may result in variances between entities. The adopted measurement methodologies may also impact comparability of the Selected Information reported by different organisations and from year to year within an organisation as methodologies develop.

Use of our report

This report is made solely to the board of directors of VGP NV in accordance with ISAE 3000 (Revised) and our agreed terms of engagement. Our work has been undertaken so that we might state to the board of directors those matters we have agreed to state to them in this report and for no other purpose. Without assuming or accepting any responsibility or liability in respect of this report to any party other than the Company and its board of directors, we acknowledge that the board of directors may choose to make this report publicly available for others wishing to have access to it, which does not and will not affect or extend for any purpose or on any basis our responsibilities. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than VGP NV and its board of directors as a body, for our work, for this report, or for the conclusions we have formed.

Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises BV/SRL
Represented by Sofian Milad



Honey collected at the VGP office in the Czech Republic.

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Fredericia, **Denmark**
Lyon, **France**
Paris, **France**
Düsseldorf, **Germany**
Budapest, **Hungary**
Segrate (Milan), **Italy**
Riga, **Latvia**
Luxembourg, **Luxembourg**
's-Hertogenbosch, **The Netherlands**
Porto, **Portugal**
Lisbon, **Portugal**
Bucharest, **Romania**
Belgrade, **Serbia**
Bratislava, **Slovakia**
Barcelona, **Spain**
Madrid, **Spain**
Zaragoza, **Spain**
Sevilla, **Spain**
Bilbao, **Spain**

Directors

VM INVEST NV, represented by
Bart Van Malderen
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
Non-Executive (Independent) Director
Katherina Reiche
Non-Executive (Independent) Director
Vera Gade-Butzlaff
Non-Executive (Independent) Director

Financial Auditor

**Deloitte Bedrijfsrevisoren/
Réviseurs d'Entreprises BV/SRL**

Share code

VGP is listed on Euronext Brussels
ISIN: BE0003878957

VGP NV is a member of
the FTSE EPRA Nareit Global
Developed Index and the
Euronext ESG index

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

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