

Green financing



of the Group  
activities



# 4.1 EU Taxonomy

## 4.1.1 Context

In 2021 the European Green Deal was enacted and largest European companies became subject to EU Taxonomy Regulation 2020/852 (the “Taxonomy”). Published in the Official Journal of the European Union on 22 June 2020, the regulation came into force on 12 July 2020 and applies from 1 January 2021. The Taxonomy Regulation introduces a unified classification system to determine the sustainability level of investments, in order to drive capitals 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 to human and labour rights:

- 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.

Delegated acts have been established so far for the environmental objectives of climate change mitigation and climate change adaptation. The Taxonomy Regulation represents an important step towards the EU’s objective of becoming a climate neutral by 2050. The real estate sector is considered eligible to the Taxonomy for both of these environmental objectives, and especially the following activities performed by VGP: Construction of new buildings (7.1), Renovation of existing buildings (7.2) and Acquisition & ownership of buildings (7.7).

Not only closely linked to the finance sector and its investors, but also a vital part of the economy, the real estate sector has a key role to play in the transition towards more sustainability. VGP is committed to meeting the requirements set by this new regulation and improving its performances in the coming years to contribute to the broader EU environmental transition.

## 4.1.2 VGP share of eligible activities

In order to initiate Taxonomy application, VGP determined which of the performed activities are “eligible”, i.e. covered by the Taxonomy Delegated Acts. Three KPIs are expected to that end: the shares of eligible activities in the company’s Revenues, Capital expenditures (“CAPEX”) and Operational expenditures (“OPEX”).



Taxonomy share of eligible activities

Revenues (€'000)	Eligible activities	Non-eligible activities	Total
Gross rental income	45,329	—	45,329
Service charge income	12,017	—	12,017
Property and facility management income	18,016	—	18,016
Property development income	3,521	—	3,521
Renewable Energy income	5,901	—	5,901
Total revenue	84,784	—	84,784
CAPEX (€'000)	Eligible activities	Non-eligible activities	Total
CAPEX on investment properties	857,945	—	857,945
Investments in PPE (tangible assets)	37,715	580	38,295
CAPEX on intangible assets	—	—	—
Total Capital Expenditure	895,660	—	895,660
OPEX (€'000)	Eligible activities	Non-eligible activities	Total
% OPEX	100%	0%	100%

4.1.3 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 consolidated in different categories than the ones defined in the scope of this Regulation. For this reason, calculating total OPEX was not based on consolidated financial statements

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, only GRI (revenues from Acquisition & ownership of buildings) and Revenues from property development and project management (revenues from construction of new buildings) 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, only CAPEX on investment properties are considered eligible for the Taxonomy. 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.

## 4.1.4 EU Taxonomy Strategy

VGP aims to be compliant with EU Taxonomy on a portfolio basis once the rules are implemented at the country level, on the following basis:

1. VGP will update the Green Finance Framework with EU Taxonomy once finally implemented (current uncertainty resides for example around the required level of EPC energy certificates in various countries in order to classify as “10% better than a local near-zero energy building”)
2. Plan to monitor asset compliance within the “Use of Proceeds”-table which will be made available as part of the annual Corporate Responsibility Reporting
3. Aim to be compliant with EU Taxonomy for new and existing buildings on a best-efforts basis

Existing portfolio: Thus far a first asset (VGP Park Frankenthal, building A) has been analysed in detail on EU Taxonomy compliance and received EU Taxonomy in-use compliance confirmation from the DGNB according to the ESG verification services conducted collaboratively with the CPEA, the Climate Positive Europe Alliance. A further two existing buildings are currently being analysed for EU Taxonomy compliance in Germany and new development projects in Germany and in various other countries are currently under review for EU Taxonomy compliance. The Group is also conducting a portfolio wide analysis of the climate physical risks, including for land acquisitions as part of the Climate Risk Analysis.



Important disclaimer: Taxonomy eligible activities thus cover a very broad scope of VGP activities, but this does not presume the relevance of the Technical Screening Criteria (“TSC”) to be applied to all of these eligible VGP assets in the next years to define the share of sustainable or “Aligned” activities in VGP’s portfolio. Indeed, although they are considered today as eligible activities by the Taxonomy, assets may not be able to be screened based on the current published TSC. An example of this situation can be given such as for the assets that VGP manages but does not fully own (e.g. held in one of the joint ventures), the investment levers to improve asset sustainability may be limited.

## 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 BREAAAM “Very Good” certification or equivalent DGNB/LEED rating)
- Other eligible project categories include energy efficiency (i.e., for existing or new (logistics) buildings, warehouses and technologies-related services and products), waste management (i.e., projects, investments and expenditures which promote better recycling rates), clean transportation (i.e., electric vehicle charging stations, bike facilities), and sustainable water management (i.e., reduce freshwater consumption, capturing and recycling rainwater, green roofing)

Additional criteria and indicators to be monitored for eligible assets – including EU Taxonomy and CRREM, also referring to section 4.1 on *EU Taxonomy* and section 3.4.4 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 2022 is illustrated below:

Use of categories	Green Bond – April 2029		Green Bond – Jan 2027		Green Bond – Jan 2030	
	Net bond proceeds allocation (€)	% of total net bond proceeds	Net bond proceeds allocation (€)	% of total net bond proceeds	Net bond proceeds allocation (€)	% of total net bond proceeds
Renewable Energy	62,689,369	10.4%	—	0.0%	—	0.0%
Green buildings	593,582,864	98.9%	694,954,891	139.0%	682,307,252	136.5%
<i>o/w excellent or gold-rated</i>	327,219,265	54.5%	452,353,861	90.5%	390,282,435	78.1%
Energy Efficiency	18,241,613	3.0%	—	0.0%	—	0.0%
Waste Management	—	0.0%	—	0.0%	—	0.0%
Clean Transportation	112,500	0.0%	—	0.0%	—	0.0%
Sustainable Water Management	3,932,054	0.7%	—	0.0%	—	0.0%
(over)/unallocated	(78,558,400)	–13.1%	(194,954,891)	–39.0%	(182,307,252)	–36.5%
<b>Total gross proceeds</b>	<b>600,000,000</b>	<b>100.0%</b>	<b>500,000,000</b>	<b>100.0%</b>	<b>500,000,000</b>	<b>100.0%</b>

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%
Refinancing	609,951,747	38%
<b>Total</b>	<b>2,055,820,543</b>	<b>128%</b>
Over/(under) allocation	(455,820,543)	–28%
<b>Total gross proceeds</b>	<b>1,600,000,000</b>	<b>100%</b>

A significant portion is allocated to the Green buildings category which has predominantly been built in 2021 and 2022 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. The allocated green buildings portfolio has been analysed by CRREM (version 1.19 of the tool; as published September 2022) and is compliant on a 1.5°C pathway both on an GHG Intensity and Energy Intensity basis until 2050. Further details are included in section 4.2.5.2 Green Buildings.

Use of proceeds – € proceeds allocation per EU Taxonomy		
Type of financing	Grand Total (€)	%
Use of proceeds aligned with EU Taxonomy	146,188,993	9%
Use of proceeds to be confirmed for alignment	1,909,631,550	119%
Use of proceeds not aligned with EU Taxonomy	—	0%
<b>Total</b>	<b>2,055,820,543</b>	<b>128%</b>
Over/(under) allocation	(455,820,543)	–28%
<b>Total gross proceeds</b>	<b>1,600,000,000</b>	<b>100%</b>

With regards to EU Taxonomy compliance, the first complete standing single asset review has been finalised 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.

### 4.2.3.1 Green bond – April 2029

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

Country	BREEAM Excellent	BREEAM Very Good	DGNB Gold	DGNB Silver	LEED Silver	Grand Total	%
Austria	—	—	36,339,143	—	—	36,339,143	2
Croatia	—	—	—	—	—	—	0
Czech Republic	—	8,578,046	—	—	—	8,578,046	0
France	—	—	—	—	—	—	0
Germany	—	—	285,977,759	25,591,206	—	311,568,965	16
Hungary	—	30,618,669	—	—	—	30,618,669	2
Italy	3,008,033	24,855,586	—	—	—	27,863,619	1
Latvia	—	18,724,584	—	—	—	18,724,584	1
Netherlands	—	—	—	—	—	—	0
Portugal	—	—	—	—	—	—	0
Romania	1,894,329	58,486,324	—	—	—	60,380,564	3
Serbia	—	—	—	—	—	—	0
Slovakia	—	87,991,063	—	—	—	87,991,063	4
Spain	—	11,518,122	—	—	—	11,518,122	1
<b>Grand Total</b>	<b>4,902,362</b>	<b>240,772,393</b>	<b>322,316,903</b>	<b>25,591,206</b>	<b>—</b>	<b>593,582,864</b>	
<b>% of total</b>	<b>0%</b>	<b>12%</b>	<b>16%</b>	<b>1%</b>	<b>0%</b>		

Renewable energy specification (€ proceeds allocation)	2021	2022	Total
Netherlands	5,309,425	6,644,132	11,953,557
Italy	1,744	702,604	704,348
Hungary	84,909	—	84,909
Germany	19,072,084	30,270,609	49,342,693
Romania	—	530,824	530,824
Czech Republic	—	73,038	73,038
<b>Total</b>	<b>24,468,162</b>	<b>38,221,207</b>	<b>62,689,369</b>

Sustainable Water Management (€ proceeds allocation)	
Czech Republic	185,354
Netherlands	175,000
Germany	3,571,700
<b>Total</b>	<b>3,932,054</b>

### 4.2.3.2 Green bond – January 2027

Green buildings allocation by certification type in euros invested

Country	BREEAM Excellent	BREEAM Very Good	DGNB Gold	DGNB Silver	LEED Silver	Grand Total	%
Austria	—	—	—	—	—	—	0
Croatia	—	5,574,442	—	—	—	5,574,442	0
Czech Republic	—	102,245,916	—	—	—	102,245,916	5
France	—	—	—	—	—	—	0
Germany	—	—	424,862,674	93,507,693	—	518,370,368	26
Hungary	6,490,662	—	—	—	—	6,490,662	0
Italy	—	7,089,849	—	—	—	7,089,849	0
Latvia	—	—	—	—	—	—	0
Netherlands	—	—	—	—	—	—	0
Portugal	12,596,041	7,721,070	—	—	—	20,290,111	1
Romania	8,431,483	5,249,673	—	—	—	13,681,157	1
Serbia	—	—	—	—	—	—	0
Slovakia	—	2,041,985	—	—	—	2,041,985	0
Spain	—	19,170,402	—	—	—	19,170,402	1
Grand Total	27,491,187	149,093,336	424,862,674	93,507,693	—	694,954,891	
% of total	1%	8%	21%	5%	0%		

### 4.2.3.3 Green bond – January 2030

Green buildings allocation by certification type in euros invested

Country	BREEAM Excellent	BREEAM Very Good	DGNB Gold	DGNB Silver	LEED Silver	Grand Total	%
Austria	—	—	74,720,992	—	—	74,720,992	4
Croatia	—	—	—	—	—	—	0
Czech Republic	17,646,975	24,964,164	—	—	7,048,214	49,659,353	3
France	—	—	—	—	—	—	0
Germany	—	60,416,966	217,756,753	17,719,311	—	295,893,029	15
Hungary	11,892,878	6,830,411	—	—	—	18,723,289	1
Italy	—	5,303,496	—	—	—	5,303,496	0
Latvia	—	1,365,716	—	—	—	1,365,716	0
Netherlands	—	83,452,883	—	—	—	83,452,883	4
Portugal	10,360,735	—	—	—	—	10,360,735	1
Romania	25,309,777	—	—	—	—	25,309,777	1
Serbia	—	—	—	—	—	—	0
Slovakia	—	—	—	—	—	—	0
Spain	32,594,326	84,923,656	—	—	—	117,517,982	6
Grand Total	97,804,690	267,257,292	292,477,745	17,719,311	7,048,214	682,307,252	
% of total	5%	13%	15%	1%	0%		



## 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 90 photovoltaic projects on VGP Parks' roofs 78 are owned and operated by VGP and included in the Green Finance Framework allocation. Of these 78 systems 50 were operational by December 2022, representing 42.4MWp and a further 28 were under construction representing 75.0 MWp

VGP Park	Building	PV production (KWp)			Bond allocation		
		existing	awarded	KWH p.a.	Apr. 2029	Jan. 2027	Jan. 2030
Germany							
VGP Park München	GERMUE – A1	748		739,000	x		
	GERMUE – A2/A3	1,696		1,677,000	x		
	GERMUE – B		3,791	3,749,000	x		
	GERMUE – C		3,003	2,970,000	x		
	GERMUE – E		1,895	1,874,000	x		
	GERMUE – F		97	96,000	x		
	GERMUE – PHS		316	312,000	x		
VGP Park Göttingen	GERGOE – A	750		625,000	x		
	GERGOE – A	747		623,000	x		
VGP Park Göttingen 2	GERGOE2 – C	3,870		3,227,000	x		
	GERGOE2 – C	497		409,000	x		
	GERGOE2 – C	2,244		1,871,000	x		
VGP Park Halle	GERHAL – A		1,900	1,725,000	x		
	GERHAL – B		2,300	2,088,000	x		
	GERHAL – C		3,300	2,996,000	x		
VGP Park Wustermark	GERWUS – A1		745	683,000	x		
VGP Park Berlin	GERBER – A	745		627,000	x		
VGP Park Berlin 2	GERBER2 – B	746		628,000	x		
	GERBER2 – C	750		631,000	x		
	GERBER4 – M		1,591	1,341,000	x		
VGP Park Giessen – Buseck	GERBUS – A	749		643,000	x		
VGP Park Lutzellinden	GERLUE – A	748		654,000	x		
VGP Park Laatzen	GERLAA – A/B		3,624	2,917,000	x		
	GERLAA – C		3,570	2,873,000	x		
VGP Park Chemnitz	GERCHE – A	746		693,000	x		

VGP Park	Building	PV production (KWp)			Bond allocation		
		existing	awarded	KWH p.a.	Apr. 2029	Jan. 2027	Jan. 2030
VGP Park Magdeburg	GERMAG – A (ph I)	750		643,000	x		
	GERMAG – A (ausschreibung)	1,798		1,542,000	x		
	GERMAG – B	2,244		1,925,000	x		
	GERMAG – C		10,260	8,803,000	x		
	GERMAG – F		4,095	3,513,000	x		
VGP Park Erfurt	GERERF – A	750		622,000	x		
	GERERF – A		1,537	1,275,000	x		
VGP Park Hamburg	GERHAM – A1	748		586,000	x		
	GERHAM – A2	750		586,000	x		
VGP Park Hamburg 2	GERHAM2 – B1		2,544	1,991,000	x		
	GERHAM2 – B2	750		586,000	x		
VGP Park Hamburg 3	GERHAM3 – C	750		586,000	x		
VGP Park Rodgau	GERROD – C	746		707,000	x		
VGP Park Borna	GERBOR – A	748		642,000	x		
VGP Park Wetzlar	GERWET – B	747		644,000	x		
VGP Park Ginsheim	GERGIN – A	748		672,000	x		
VGP Park Schwalbach	GERSCH – A	645		568,000	x		
VGP Park Soltau	TERSOL – A	749		593,000	x		
	TERSOL – A		2,399	1,902,000	x		
VGP Park Berlin Oberkraemer	GEROBK – A		299	243,000	x		
	GEROBK – A		849	691,000	x		
	GEROBK – D		639	520,000	x		
VGP Park Höchststadt	GERHOE – A	748		662,000	x		
VGP Park Leipzig Flughafen	GERLFH – A	299		271,000	x		
VGP Park Leipzig Flughafen	GERLFH – A	899		817,000	x		
VGP Park Leipzig Flughafen	GERLFH – B						
VGP Park Giessen am alten Flughafen	GERGAF – A		7,999	7,279,000	x		
	GERGAF – B		1,000	910,000	x		
	GERGAF – B		2,400	2,184,000	x		
<b>Italy</b>							
VGP Park Valsamoggia	ITAVAL – B		992	1,278,000	x		
VGP Park Calcio	ITACAL – A	16		18,000	x		
	ITACAL – A		3,176	3,636,000	x		
VGP Park Sordio	ITASOR – A	25		28,000	x		
	ITASOR – A		940	1,068,000	x		
<b>Netherlands</b>							
VGP Park Nijmegen	NLDNIJ – A	2,279		2,096,000	x		
	NLDNIJ – A	1,518		1,396,000	x		
	NLDNIJ – A	1,012		930,000	x		
	NLDNIJ – B1	869		799,000	x		
	NLDNIJ – B2	2,213		2,036,000	x		
	NLDNIJ – B3/B4		5,940	5,464,000	x		
	NLDNIJ – C1/2		3,779	3,476,000	x		

VGP Park	Building	PV production ( <i>KWp</i> )			Bond allocation		
		existing	awarded	KWH p.a.	Apr. 2029	Jan. 2027	Jan. 2030
Netherlands							
VGP Park Roosendaal	NLDROO1 – A	3 899		3 579 000	x		
Spain							
VGP Park Lliçà d'Amunt	ESPLLI – A	46		63,000	x		
	ESPLLI – D	83		116,000	x		
	ESPLLI – C	78		108,000	x		
VGP Park San Fernando de Henares	ESPSFH – A	53		73,000	x		
	ESPSFH – B1	63		87,000	x		
	ESPSFH – C1	36		49,000	x		
	ESPSFH – D1	20		28,000	x		
	ESPSFH – E	18		25,000	x		
VGP Park Valencia	ESPVAL – A	33		46,000	x		
	ESPVAL – B	66		92,000	x		
VGP Park Fuenlabrada	ESPFUE – A	100		140,000	x		
Hungary							
VGP Park Kecskemét	HUNKEC – B	28		38,000			
Total		42,356	74,981	105,303,000			

HVAC (Heatpumps) CAPEX				
	Geothermal heatpump	Green Bond		
		Apr. 2029	Jan. 2027	Jan. 2030
GERMUE-C	x	x		

The eligible photovoltaic investments have generated green energy in 2022 for in total 27,446MWh, equivalent to 8,449 tCO<sub>2</sub>e. For calculating the equivalent CO<sub>2</sub> emissions the average grid factor of the VGP Parks portfolio of 0.308 tCO<sub>2</sub>/MWh has been used:

Renewable energy production (KWh)	Self-consumption	Grid injection	Total
2022F renewable energy production	3,695,740	23,750,012	27,445,752
emissions factor (tCO <sub>2</sub> /kWh)	0.000308	0.000308	0.000308
avoided emissions (tCO <sub>2</sub> )	1,138	7,311	8,449
Annualized production of Green Finance assets operational and under construction	28,272,026	77,030,974	105,303,000
emissions factor (tCO <sub>2</sub> /kWh)	0.000308	0.000308	0.000308
avoided emissions (tCO <sub>2</sub> )	8,703	23,714	32,417

Please refer to section 3.4.3 Energy Management and specifically 3.4.3.2.2 Production of Renewable Energy for further information on the Group's initiatives and KPIs with respect to renewable energy production.

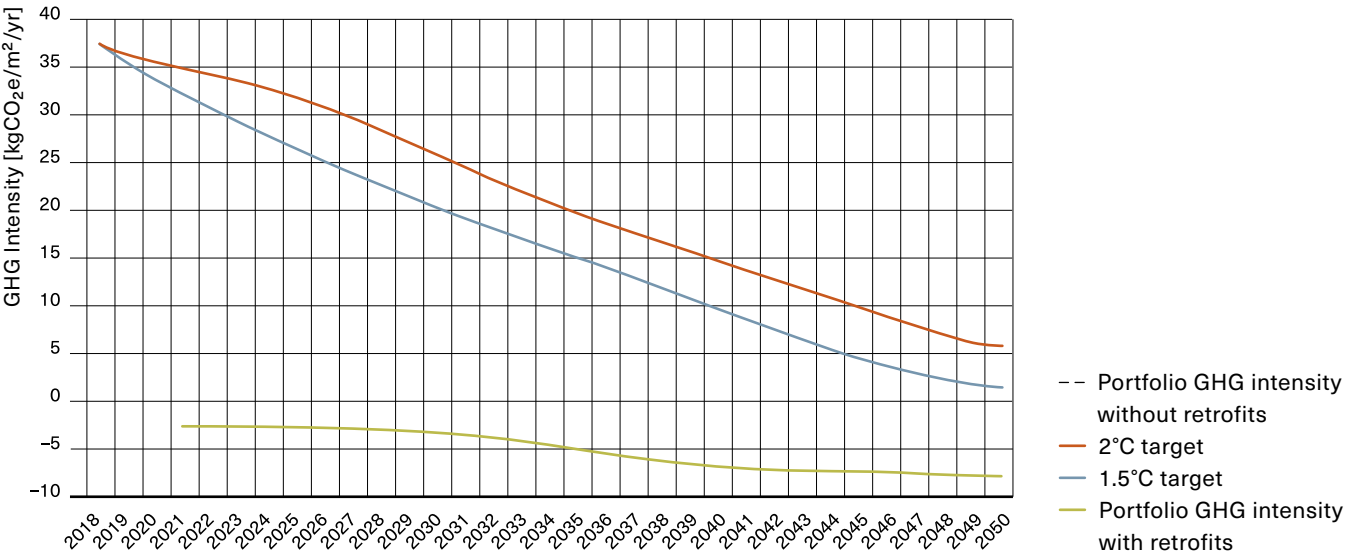
### 4.2.5.2 Green buildings



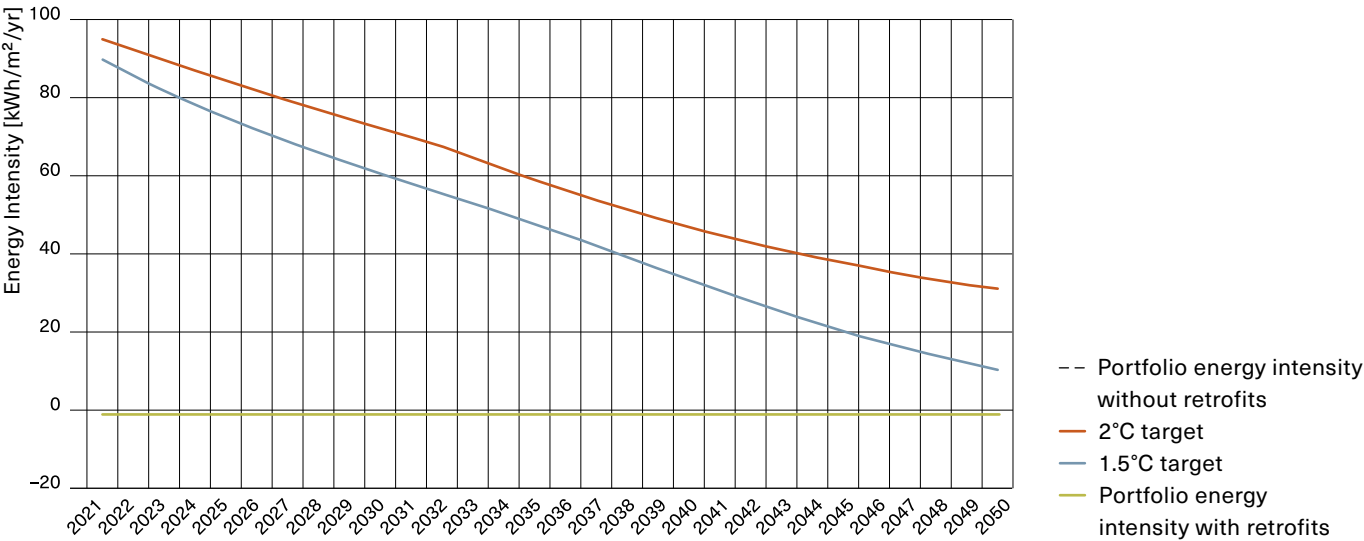
The financing and/or refinancing of projects, investments and expenditures in relation to real estate assets which have received, or are designed and intended to receive, BREAAAM “Very Good” certification (or equivalent DGNB Silver/LEED Silver rating)

In total 131 eligible building projects have been identified and allocated under the Green Financing framework. This Green building portfolio has predominantly been built in 2021 and 2022 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. The allocated green buildings portfolio has been analysed by CRREM (version 1.19 of the tool; as published September 2022) and is compliant on a 1.5°C pathway both on an GHG Intensity and Energy Intensity basis until 2050.

GREEN BONDS: AVERAGE PORTFOLIO GHG INTENSITY VS. PARIS TARGETS



GREEN BONDS: AVERAGE PORTFOLIO ENERGY INTENSITY VS. PARIS TARGETS



The 131 eligible building projects have been identified and allocated to the three outstanding green bonds according to which is shown in the following split between the bonds, highlighted in the table on the next page. The table also shows the certification level as well as status of the certification process (see table on the next page). The Excellent or Gold rated buildings have been stated in bold, of the 131 certified buildings 63 are either Excellent or Gold rated.

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.



Whilst EPC ratings are to be updated to reflect the investment in photovoltaic (which is not always reflected in the EPC calculation at time of the building permit) of the completed building portfolio which has obtained an EPC rating as at 31 December 2022 and which is part of the net proceeds allocation of the green bonds, 48% has received an energy EPC B score or better. Apart from one certificate dating 2014, one from 2017, one from 2018 and three 2019, all other certifications have been issued 2020 or later. A review of existing buildings, taking into account photovoltaic investments since EPC certification was granted is expected to improve the overall EPC score.

With regards to EU Taxonomy compliance, the first complete standing single asset review has been finalised 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.

VGP Park	name	Rentable space – Total (in m <sup>2</sup> )	Certification level	Certification status	Green bond		
					Apr. 2029	Jan. 2027	Jan. 2030
VGP Park Ehrenfeld	AUTEHR – A	44,291	DGNB – Gold	ongoing			x
VGP Park Graz	AUTGRA – A	16,537	DGNB – Gold	realized			x
	AUTGRA2 – B	8,212	DGNB – Gold	realized	x		
	AUTGRA2 – C	14,330	DGNB – Gold	ongoing	x		
VGP Park Laxenburg	AUTLAX – A	26,076	DGNB – Gold	ongoing			x
	AUTLAX – B	24,036	DGNB – Gold	ongoing			x
VGP Park České Budějovice	CZECEB – A	5,917	BREEAM – Excellent	ongoing			x
	CZECEB – B	8,749	BREEAM – Excellent	ongoing			x
	CZECEB – C	9,424	BREEAM – Very Good	ongoing		x	
	CZECEB – D	14,065	BREEAM – Excellent	ongoing			x
	CZECEB – E	48,313	BREEAM – Excellent	ongoing			x
VGP Park Hrádek nad Nisou	CZEHNN – H1	40,361	Leed Silver	realized			x
	CZEHNN2 – H6.1	30,215	BREEAM – Very Good	ongoing		x	
VGP Park Kladno	CZEKLA – A	15,814	BREEAM – Very Good	ongoing			x
	CZEKLA – B	11,193	BREEAM – Very Good	ongoing	x		
VGP Park Olomouc	CZEOL03 – M	8,545	BREEAM – Excellent	ongoing			x
	CZEOL04 – E	3,814	BREEAM – Excellent	ongoing			x
	CZEOL05 – F	65,864	BREEAM – Very Good	ongoing		x	
VGP Park Plzeň	CZEPIL – E	5,790	BREEAM – Very Good	realized		x	
VGP Park Prostějov	CZEPRO – A	15,330	BREEAM – Very Good	realized		x	
	CZEPRO – B	25,055	BREEAM – Very Good	ongoing		x	
	CZEPRO – C	10,351	BREEAM – Very Good	ongoing			x
VGP Park Ústí nad Labem City	CZEUST2 – A	23,445	BREEAM – Very Good	ongoing			x
	CZEUST2 – B	17,569	BREEAM – Very Good	ongoing			x
	CZEUST2 – C	11,740	BREEAM – Very Good	ongoing			x
VGP Park Vyškov	CZEVYS – A	28,868	BREEAM – Very Good	ongoing		x	
VGP Park Cordoba	ESPCOR – A	15,419	BREEAM – Excellent	ongoing			x
	ESPCOR – B	6,905	BREEAM – Excellent	ongoing			x
VGP Park Dos Hermanas	ESPD0H – B	28,933	BREEAM – Very Good	realized			x
VGP Park Fuenlabrada	ESPFUE – A	41,752	BREEAM – Very Good	realized			x
VGP Park Granollers	ESPGRA – A	8,920	BREEAM – Very Good	realized		x	
VGP Park Lliçà d'Amunt	ESPLLI – A	13,639	BREEAM – Very Good	realized		x	
	ESPLLI – D	7,205	BREEAM – Very Good	realized			x
	ESPLLI – E	22,194	BREEAM – Very Good	realized	x		

VGP Park	name	Rentable space – Total (in m <sup>2</sup> )	Certification level	Certification status	Green bond		
					Apr. 2029	Jan. 2027	Jan. 2030
<b>VGP Park Martorell</b>	<b>ESPMAR – A</b>	<b>10,272</b>	<b>BREEAM – Excellent</b>	<b>ongoing</b>			x
<b>VGP Park Sevilla Ciudad de la Imagen</b>	<b>ESPSEV – A</b>	<b>15,057</b>	<b>BREEAM – Excellent</b>	<b>ongoing</b>			x
VGP Park San Fernando de Henares	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
	<b>ESPSFH – D2</b>	<b>27,579</b>	<b>BREEAM – Excellent</b>	<b>ongoing</b>			x
VGP Park Valencia Cheste	ESPVAL – A	14,177	BREEAM – Very Good	ongoing			x
	ESPVAL – B	25,409	BREEAM – Very Good	ongoing			x
	<b>ESPVAL – C</b>	<b>26,696</b>	<b>BREEAM – Excellent</b>	<b>ongoing</b>			x
VGP Park Zaragoza	ESPZAR – A	18,074	BREEAM – Very Good	realized			x
	ESPZAR – B	21,373	BREEAM – Very Good	ongoing		x	
	ESPZAR – C1	22,556	BREEAM – Very Good	realized			x
	ESPZAR – C2	13,616	BREEAM – Very Good	ongoing			x
	<b>ESPZAR – D</b>	<b>19,146</b>	<b>BREEAM – Excellent</b>	<b>ongoing</b>			x
VGP Park Berlin	GERBER4 – M	17,328	DGNB – Silver	ongoing		x	
<b>VGP Park Erfurt</b>	<b>GERERF – A</b>	<b>26,214</b>	<b>DGNB – Gold</b>	<b>partially realized</b>			x
	<b>GERERF2 – B</b>	<b>41,815</b>	<b>DGNB – Gold</b>	<b>ongoing</b>			x
	<b>GERERF3 – A</b>	<b>29,182</b>	<b>DGNB – Gold</b>	<b>ongoing</b>			x
VGP Park Frankenthal	GERFRA – A	146,898	BREEAM – Very Good	ongoing			x
<b>VGP Park Gießen Am alten Flughafen</b>	<b>GERGAF – A</b>	<b>153,274</b>	<b>DGNB – Gold</b>	<b>ongoing</b>		x	
	<b>GERGAF – B</b>	<b>59,150</b>	<b>DGNB – Gold</b>	<b>ongoing</b>			x
VGP Park Göttingen	GERGOE2 – C	80,157	DGNB – Silver	realized		x	
<b>VGP Park Halle</b>	<b>GERHAL – B</b>	<b>26,847</b>	<b>DGNB – Gold</b>	<b>realized</b>		x	
	<b>GERHAL – C</b>	<b>37,932</b>	<b>DGNB – Gold</b>	<b>realized</b>		x	
	<b>GERHAL2 – A</b>	<b>15,245</b>	<b>DGNB – Gold</b>	<b>ongoing</b>		x	
<b>VGP Park Wiesloch- Walldorf</b>	<b>GERHDW – A</b>	<b>20,465</b>	<b>DGNB – Gold</b>	<b>ongoing</b>		x	
	<b>GERHDW – C</b>	<b>25,850</b>	<b>DGNB – Gold</b>	<b>ongoing</b>			x
<b>VGP Park Hochheim</b>	<b>GERHOH – A</b>	<b>12,024</b>	<b>DGNB – Gold</b>	<b>ongoing</b>		x	
<b>VGP Park Laatzen</b>	<b>GERLAA – A</b>	<b>55,401</b>	<b>DGNB – Gold</b>	<b>ongoing</b>		x	
	<b>GERLAA – C</b>	<b>51,261</b>	<b>DGNB – Gold</b>	<b>realized</b>			x
	<b>GERLAA – D</b>	<b>8,519</b>	<b>DGNB – Gold</b>	<b>realized</b>			x
<b>VGP Park Leipzig</b>	<b>GERLEI – C1</b>	<b>2,519</b>	<b>DGNB – Gold</b>	<b>realized</b>		x	
	<b>GERLEI – C2</b>	<b>2,379</b>	<b>DGNB – Gold</b>	<b>realized</b>			x
VGP Park Leipzig Flughafen	GERLFH – A	16,298	DGNB – Silver	ongoing		x	
<b>VGP Park Lützellinden</b>	<b>GERLUE – A</b>	<b>14,156</b>	<b>DGNB – Gold</b>	<b>realized</b>	x		
VGP Park Magdeburg	GERMAG – A	31,869	DGNB – Silver	realized	x		
	<b>GERMAG – B</b>	<b>42,368</b>	<b>DGNB – Gold</b>	<b>ongoing</b>	x		
	<b>GERMAG – C1</b>	<b>67,277</b>	<b>DGNB – Gold</b>	<b>ongoing</b>	x		
	<b>GERMAG – F</b>	<b>51,994</b>	<b>DGNB – Gold</b>	<b>ongoing</b>	x		

VGP Park	name	Rentable space – Total <i>(in m<sup>2</sup>)</i>	Certification level	Certification status	Green bond		
					Apr. 2029	Jan. 2027	Jan. 2030
VGP Park München	GERMUE – A	56,874	DGNB – Gold	realized	×		
	GERMUE – B	81,549	DGNB – Gold	ongoing	×		
	GERMUE – C	48,471	DGNB – Gold	ongoing		×	
	GERMUE – E	39,352	DGNB – Gold	ongoing			×
	GERMUE – F	7,487	DGNB – Gold	ongoing	×		
VGP Park Berlin Oberkrämer	GEROBK – A	13,717	DGNB – Gold	realized	×		
	GEROBK – B	11,380	DGNB – Gold	ongoing	×		
	GEROBK – C	9,152	DGNB – Gold	ongoing	×		
	GEROBK – D	24,099	DGNB – Gold	ongoing		×	
	GEROBK – E1	6,554	DGNB – Gold	ongoing			
VGP Park Rostock	GERROS – A	20,447	DGNB – Silver	ongoing			×
VGP Park Soltau	GERSOL – A	55,812	DGNB – Silver	realized	×		
VGP Park Berlin Wustermark	GERWUS – A1	10,997	DGNB – Gold	realized	×		
VGP Park Zagreb Lucko	HRVLUC – A	36,867	BREEAM – Very Good	ongoing		×	
VGP Park Budapest Aerozone	HUNBUD – A	29,853	BREEAM – Excellent	ongoing			×
	HUNBUD – B.1	10,787	BREEAM – Very Good	ongoing	×		
	HUNBUD – C1.1	13,421	BREEAM – Excellent	ongoing		×	
VGP Park Győr	HUNGYO2 – A	37,744	BREEAM – Very Good	ongoing			×
	HUNGYO2 – B	13,915	BREEAM – Very Good	ongoing	×		
VGP Park Kecskemét	HUNKEC – A	21,937	BREEAM – Very Good	ongoing	×		
	HUNKEC – C	20,132	BREEAM – Excellent	ongoing			×
VGP Park Calcio	ITACAL – A	23,303	BREEAM – Very Good	realized	×		
VGP Park Padova	ITAPAD – A	15,301	BREEAM – Very Good	realized	×		
	ITAPAD – B	7,246	BREEAM – Very Good	realized	×		
VGP Park Parma Lumiere	ITAPAR2 – A	5,710	BREEAM – Very Good	ongoing		×	
VGP Park Sordio	ITASOR – A	12,034	BREEAM – Very Good	ongoing			×
VGP Park Valsamoggia	ITAAVAL – A	6,679	BREEAM – Excellent	realized	×		
	ITAAVAL – B	16,106	BREEAM – Very Good	realized	×		
VGP Park Riga	LVARIG – A1	7,030	BREEAM – Very Good	ongoing			×
VGP Park Tiraines	LVATIR – A	28,816	BREEAM – Very Good	ongoing	×		
VGP Park Nijmegen	NLDNIJ – A	67,352	BREEAM – Very Good	realized			×
	NLDNIJ2 – B1B2	42,505	BREEAM – Very Good	ongoing			×
	NLDNIJ2 – B3B4	62,359	BREEAM – Very Good	ongoing			×
	NLDNIJ2 – C	35,052	BREEAM – Very Good	ongoing			×
VGP Park Roosendaal	NLDROO – A	41,960	BREEAM – Very Good	ongoing			×
	NLDROO – B	9,247	BREEAM – Very Good	ongoing			×
VGP Park Loures	PRTLou – A	12,785	BREEAM – Excellent	ongoing			×
	PRTLou – B	7,096	BREEAM – Excellent	ongoing		×	
VGP Park Montijo	PRTMON – A	31,406	BREEAM – Excellent	ongoing		×	
VGP Park Sintra	PRTSIN – A	15,989	BREEAM – Excellent	ongoing		×	
VGP Park Santa Maria da Feira	PRTSMF – A	29,813	BREEAM – Very Good	ongoing		×	

VGP Park	name	Rentable space – Total (in m <sup>2</sup> )	Certification level	Certification status	Green bond		
					Apr. 2029	Jan. 2027	Jan. 2030
VGP Park Arad	ROMARA – A	29,190	BREEAM – Very Good	realized	×		
	<b>ROMARA – B</b>	<b>40,081</b>	<b>BREEAM – Excellent</b>	<b>ongoing</b>			×
VGP Park Braşov	ROMBRA – A	29,496	BREEAM – Very Good	ongoing	×		
	ROMBRA – B	33,886	BREEAM – Excellent	ongoing			×
	ROMBRA – E	9,556	BREEAM – Very Good	ongoing	×		
	<b>ROMBRA – I</b>	<b>17,477</b>	<b>BREEAM – Excellent</b>	<b>ongoing</b>			×
VGP Park Bucharest	ROMBUC – C	30,072	BREEAM – Very Good	ongoing	×		
	<b>ROMBUC – D</b>	<b>15,699</b>	<b>BREEAM – Excellent</b>	<b>ongoing</b>		×	
VGP Park Timisoara	ROMTIM2 – D	30,775	BREEAM – Very Good	ongoing		×	
	<b>ROMTIM3 – E</b>	<b>32,768</b>	<b>BREEAM – Excellent</b>	<b>ongoing</b>	×		
VGP Park Bratislava	SVKBRA – A	43,361	BREEAM – Very Good	ongoing	×		
	SVKBRA – F	57,328	BREEAM – Very Good	realized	×		
	SVKBRA – G	19,223	BREEAM – Very Good	ongoing	×		
	SVKBRA – H	18,365	BREEAM – Very Good	ongoing	×		
	SVKBRA2 – B	25,220	BREEAM – Very Good	ongoing		×	

Please refer to section 3.3 *Sustainable Properties* and more specifically 3.3.2 *Environmental certifications* for additional details on the Group's certification initiatives. The Group has also expressed an interest in updating its Green Finance Framework once the EU Taxonomy building classification is crystallised. An update on the EU Taxonomy progress, specifically also with regards to building certification can be found in section 4.1 *EU Taxonomy*.



VGP Park Arad



### 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.

Properly sized heatpump 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.

HVAC (Heatpumps) CAPEX				
	Heatpumps (gas replacement)	Green Bond		
		Apr. 2029	Jan. 2027	Jan. 2030
GERBER3 – EF	x	x		
GERBER3 – H	x	x		
GERBIN	x	x		
GERBIS	x	x		
GERBOB	x	x		
GERGIN	x	x		
GERHOE	x	x		
GERLAA – A	x	x		
GERLAA – C	x	x		
GEROBK – C	x	x		
GEROBK – D	x	x		
GERROD – B	x	x		
GERSCH	x	x		
LVAKEK – A	x	x		
LVAKEK – B	x	x		
LVATIR – A	x	x		

For 2023 the Group is preparing further eco-efficiency improvements of the existing building portfolio, amongst others through a € 2 million refurbishment program which will be reflected in the green bond allocations in coming reporting periods. Details on the energy efficiency measures and related KPIs are discussed in more detail in section 3.4 *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 3.4.6 *Waste Management* for further information on the Group's water management user data and KPIs and water 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 2022 amounts to € 0.175 million in 4 VGP Parks locations. The Group is currently preparing reporting on the user/charging-data.

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 3.4.7 *Develop connectivity and sustainable mobility*.

### 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:

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

In 2022, the water management projects at Buseck, Magdeburg, Roosendaal and Berlin combined collected 105,000 m³ of rainwater or of greywater on site, which were partially used for cleaning and for watering green spaces. The other projects were completed in 2022 and water management data will be reported over 2023.

Please refer to section 3.4.5 *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.



VGP Park Laatzten

# VGP

## External Review of Green Finance Reporting 2022

15 March 2023

CICERO Shades of Green has reviewed the elements of VGP's Corporate Responsibility Report 2022 ("Report") relating to its green financing activities. We review allocation against VGP's Green Finance Framework (dated March 2021, the "Framework") criteria, and impact metrics for relevance and transparency.

**CICERO Shades of Green considers the allocations align with the Framework criteria.** According to the Report, around 95% of assets in VGP's green portfolio are green buildings. The green buildings project category received a Light Green in our Second Party Opinion. On the basis of the Shades of Green allocated to the project categories, the investments in VGP's green portfolio are not, 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 climatic and environmental performance of the green buildings

portfolio, for example, according to VGP, the green buildings produce more renewable energy than energy consumed and its analysis using the CRREM tool shows the green buildings portfolio aligns with CREMM's 1.5 degrees decarbonization pathway to 2050.

**VGP provides transparent and relevant impacts for green buildings and renewable energy investments.**

It does not, however, report on impacts for allocations under the energy efficiency and clean transportation project categories, though it provides descriptions of such investments. While these are a very small share of overall allocations, this is considered a weakness of the Report.

**Save that VGP does not report on impacts for all project categories, we consider the Report aligns with the core principles and recommendations contained in ICMA's Handbook – Harmonized Framework for Impact Reporting (June 2022).<sup>1</sup>**

Allocation

VGP has issued two green bonds under the Framework, totaling € 1.6 billion. The first, issued in March 2021, raised € 600 million, and the second, issued in January 2022, raised € 1 billion in two, € 500 million tranches. Allocation is reported as at 31 December 2022 with eligible assets in VGP’s green portfolio totaling around € 2.05 billion.

CICERO Shades of Green considers the allocations aligned with the Framework criteria; 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.<sup>1</sup> 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 95% of assets in VGP’s green portfolio are green buildings. On the basis of the Shades of Green allocated to the project categories, the investments in VGP’s green portfolio are not, 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 majority of VGP’s green building investments exceed the minimum Framework criteria,<sup>2</sup> ii) according to VGP, the portfolio of green buildings produces more renewable energy than energy consumed, iii) VGP expects a substantial growth in these assets that align with the EU Taxonomy as a result of ongoing alignment reviews, and iv) according to VGP’s analysis using the CRREM tool, the portfolio of green buildings aligns with CREMM’s 1.5 degrees decarbonization pathway to 2050.

ALLOCATION BY SHADE OF GREEN

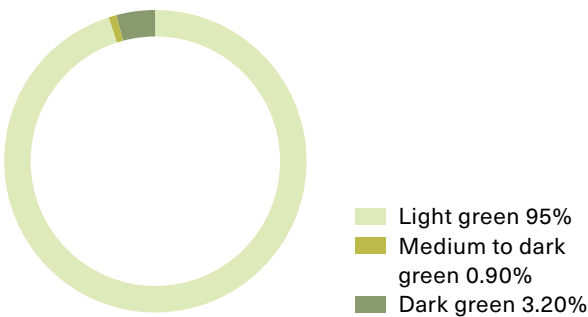


Figure 1: Allocation by SPO Shade of Green. Shading is based on evaluation at time of issuance and does not reflect ex-post project verification.

Impact metrics

VGP reports impacts as of 31 December 2022.

VGP provides transparent and relevant impact reporting for green building and renewable energy investments. It does not, however, report on impacts for allocations under the energy efficiency and clean transportation projects categories, though it provides descriptions of such investments. While these are a very small share of overall allocations, this is considered a weakness of the Report. For a more detailed review, please see Appendix 1.

For renewable energy investments, VGP reports impacts of for its 90 solar projects. More specifically, it reports i) installed capacity, ii) output, and iii) 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.

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.

Terms

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

1 VGP – SPO

2 Around 54.5% of green buildings under the first bond, 90.5% of the first tranche of the second bond, and 78.1% of the second tranche of the second bond are (or expect to be) rated BREEAM Excellent, DGNB Gold or LEED Gold.



Appendix 1 – Detailed Review

Category	Description	Review against framework criteria	
Renewable Energy	<ul style="list-style-type: none"><li>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.</li></ul>	<b>No discrepancies identified</b>  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"><li>Projects, investments, and expenditures in relation to real estate assets which have received, or are designed and intended to receive, BREAAAM “Very Good” certification (or equivalent DGNB/LEED rating).</li></ul>	<b>No discrepancies identified</b> <ul style="list-style-type: none"><li>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.</li><li>In any case, the Report states that 54.5% of green buildings under the first bond, 90.5% of the first tranche of the second bond, and 78.1% of the second tranche of the second bond are (or expect to be) rated BREEAM Excellent, DGNB Gold or LEED Gold. We welcome that the majority of VGP’s green building investments exceed the Framework criteria.</li></ul>	
Energy Efficiency	<ul style="list-style-type: none"><li>Projects, investments and expenditures focusing on energy efficiency measures in existing or new (logistics) buildings, warehouses.</li><li>Technologies (insulation, LED relighting, motion detectors, energy monitoring tools etc.) and related services and products, including installation</li></ul>	<b>No discrepancies identified</b> <ul style="list-style-type: none"><li>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 16 heat pumps which replace gas heating.</li></ul>	
Clean Transportation	<ul style="list-style-type: none"><li>Electric vehicle charging stations.</li><li>Bike facilities.</li></ul>	<b>No discrepancies identified</b> <ul style="list-style-type: none"><li>According to the Report, investments under the clean transportation category are electric vehicle charging facilities across four locations.</li></ul>	
Sustainable water and wastewater management	<ul style="list-style-type: none"><li>Reduction of freshwater consumption.</li><li>Capturing and recycling rainwater.</li><li>Green roofing.</li></ul>	<b>No discrepancies identified</b> <ul style="list-style-type: none"><li>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.</li></ul>	

	Impact Metrics	Relevance of metrics	Transparency considerations
	<ul style="list-style-type: none"> <li>Annual production capacity (KWp).</li> <li>Total energy generated (MWh).</li> <li>Avoided CO<sub>2</sub> emissions (tCO<sub>2</sub>e).</li> </ul>	<ul style="list-style-type: none"> <li>Metrics are relevant and production, capacity, and avoided emissions are listed as core indicators in the ICMA Handbook – Harmonized Framework for Impact Reporting.</li> </ul>	<ul style="list-style-type: none"> <li>Production and avoided emissions are reported on a portfolio basis, while capacity is reported on a project basis.</li> <li>For avoided emissions, VGP uses the average grid factor of the 14 European countries in which it operates. Transparency on this is welcome.</li> <li>No quantitative impacts are provided for the geothermal heating project.</li> </ul>
	<ul style="list-style-type: none"> <li>Environmental certification achieved or expected to be achieved.</li> </ul>	<ul style="list-style-type: none"> <li>Certification standard is listed as a core indicator in the ICMA Handbook – Harmonized Framework for Impact Reporting.</li> </ul>	<ul style="list-style-type: none"> <li>VGP reports environmental certification on a project basis.</li> <li>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.</li> </ul>
	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>VGP does not include qualitative impacts from its energy efficiency investments. We encourage VGP to report impacts for this project category, which should ideally align with the ICMA Handbook – Harmonized Framework for Impact Reporting (e.g., annual energy savings).</li> </ul>
	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>VGP does not include impacts from its clean transportation. While the Report includes general information about the number of VGP sites with electric vehicle charging, some more information about the precise investments under the Framework could be helpful.</li> </ul>
	<ul style="list-style-type: none"> <li>Collected and reused rainwater/greywater (m<sup>3</sup>)</li> </ul>	<ul style="list-style-type: none"> <li>Water reuse is listed as a core indicator in the ICMA Handbook – Harmonized Framework for Impact Reporting.</li> </ul>	<ul style="list-style-type: none"> <li>VGP reports on completed projects for this project category. Impacts for projects currently under construction will be reported following completion.</li> </ul>