

# GREEN FINANCING FRAMEWORK

January 2024

## A. Introduction

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### 1. P3 Logistic Parks overview

P3 Logistic Parks (“P3”, the “Company”) is a leading investor and developer of European industrial and logistics properties with 7.9 million m<sup>2</sup> of gross leasable area as of June 2023, and a sizeable landbank for further development. P3 currently has commercial activities in 10 European countries (Germany, Poland, Slovakia, Italy, Czech Republic, Netherlands, Spain, France, Austria and Romania) and has been investing and developing assets in the region for two decades. Headquartered in Luxembourg, P3 employs more than 250 people across 10 offices in key European cities, offering integrated investment, development, asset and property management services.

In 2017, P3 was acquired by GIC, the Sovereign Wealth Fund of the Government of Singapore. P3 operated a portfolio with a gross asset value of (GAV) of approximately €8.3bn as at June 2023.

P3’s ability to deliver on customer promises is seen in high tenant retention and customer satisfaction which is evidenced by the consistently high occupancy rate across the portfolio. Our ability to deliver on development and investment promises has positioned us as a trusted partner for companies like Amazon, DHL, and Metro Group.

### 2. P3’s activities

#### 2.1. WE OWN

As a long-term owner of warehouse properties in Europe, we provide our customers with more than just space - we provide a home for their businesses where they can grow and consistently add value. Our network of parks forms part of a pan-European ecosystem that connects vast numbers of businesses.

#### 2.2. WE DEVELOP

We focus on providing high quality industrial and logistics real estate for our customers exactly where they need to be. P3 has a large existing land bank across Europe enabling us to quickly address the needs of our customers. Our development teams work together with customers to design and construct high quality, sustainable warehouse space.

#### 2.3. WE INVEST

At P3, we invest in strategically located logistics, retail logistics and industrial real estate. Our team of investment and acquisitions specialists continually source new opportunities to create long-term, additional value for our shareholder. We work with our customers on upgrades and tenant improvements, seeking to create both direct and indirect economic value for our shareholder and the communities where we operate.

#### 2.4. WE MANAGE

Because P3 is a long-term owner and manager of our properties, we’re committed to help customers optimise costs while ensuring that the facilities are energy efficient, prepared for the future, and environmentally conscious. We assess customer satisfaction annually and seek to deliver a high-class occupancy experience.

## B. ESG Strategy

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### 3. Approach to ESG

Acting responsibly is vital for the continued long-term success of our business and contributes towards the resilience of society-at-large. P3 plays a vital role in the global supply chain and as a major part of the European logistic real estate sector. As a company involved in the full value chain of real estate—from investment to development and management—we integrate sustainability practices into our daily operations and seek to positively impact the built environment and transportation sectors. Our ESG strategy is aligned with our purpose of creating space for companies and communities to create value, thrive and grow, namely:

#### 3.1. ENVIRONMENTAL CONSIDERATIONS

##### **Seeking sustainable performance for our buildings and business.**

P3 acknowledges that the world faces a climate crisis and is committed to seeking ways to actively reduce our climate impact and energy consumption whilst enabling businesses and the economy to grow sustainably.

Annually, P3 publishes an ESG report or an ESG progress and data update.

Our biggest environmental impact is through our buildings via our tenants use, business operations and activities. To support the efforts to make our assets more sustainable, we have voluntarily implemented green building certification schemes such as Building Research Establishment Environmental Assessment Method (“BREEAM”) across most of our portfolio. As of June 2023, 75% of our asset base<sup>1</sup> has a BREEAM certification of “Very Good” or better. We are working to advance our portfolio’s performance on energy and greenhouse gas (“GHG”) ahead of EU targets and regulation through Energy Performance Certificates (“EPCs”)<sup>2</sup>.

#### 3.2. SOCIAL CONSIDERATIONS

##### **Nurture talent, foster a culture of development and contribute to a more resilient society.**

We play a role in increasing society’s long-term resilience, whether it be the communities where we operate, our tenants, or our employees. P3 continuously strives to strengthen our customer relationships to create long-term value for them, driving this through engagements at our assets and annual customer satisfaction surveys.

Our employees are the foundation of our success, and taking care of them are a cornerstone for our continued success. We commit to implementing strategies to remain a high-performing, value-driven organisation.

#### 3.3. GOOD GOVERNANCE

##### **Maintain corporate governance practices, procedures and business ethics of highest standards.**

P3 prioritises credibility and transparency. To achieve this, we recognize the need to operate a business to the highest degree of governance standards, procedures and ethics. In order to promote ethical and transparent business behaviour, we have put in place a set of policies and procedures, systems and controls that guide and direct our people and our stakeholders. Annual training is mandatory for all P3 employees.

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<sup>1</sup> P3 defines our target performance by assets in the portfolio in the reporting year’s like-for-like assets. P3 removes assets from the asset base that do not consume energy, as they are ineligible for green building or EPC certification.

<sup>2</sup> The methodology to calculate the green building count and performance against target is covered in the ESG report.

## 4. ESG targets

Acting responsibly is vital to the long-term success of our business and will benefit our customers and employees as well as the wider communities impacted by our activities. We have established a strategic approach to ESG based on guiding principles setting out the framework for what we want to achieve over the longer-term. Our approach is aligned with the UN Sustainable Development Goals ("UN SDGs") where we can achieve the most positive impacts over the longer-term.

Our goal is to reduce carbon emissions in line with globally recognized GHG reduction targets. Concrete projects in this regard include:

### 4.1. GREEN BUILDINGS

Since 2022, all new P3 developments target at least a BREEAM New Construction Excellent certification level.

We continue to invest capital expenditures ("CapEx") into upgrading and retrofitting standing assets to meet our target certification levels, as well as to reduce energy use and GHG emissions. P3 will maintain a high level of sustainable certifications across portfolio and seek to actively manage potential carbon stranding risk.

### 4.2. ONSITE RENEWABLE ENERGY

We increased our onsite renewable target to 100MWp by 2027. In 2023 we increased our capacity of solar photovoltaic ("PV") by 35.6 MWp, bringing our total onsite renewable to 64.1 MWp as of 31 Dec 2023.

### 4.3. ENERGY EFFICIENCY

We will continue to upgrade standing assets with energy efficiency measures, such as LED. As of 31 Dec 2023 approximately 81% of our portfolio (by warehouse Gross Lettable Area ["GLA"]) is equipped with high-efficiency LED lighting, and this comes as standard with all new developments. We aim to have at least 90% of our assets fitted with LED lighting by 2030.

## C. Green Financing Framework

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### 5. Rationale for the establishment of the Green Financing Framework

P3 is convinced that green financing instruments are an effective tool to support its efforts towards its sustainability objectives and reinforce its commitment to contribute to the achievement of globally recognized carbon neutral targets. By establishing the Green Financing Framework (the “Framework”), P3 have aligned its funding strategy with its ESG objectives.

P3 and its financing subsidiaries (together, “P3”) may issue green bonds, loans, or any other financing instruments (collectively the “Green Financing Instruments”, “GFI”) in line with this Framework. P3 intends to allocate an amount equal to the net proceeds of any Green Financing Instrument to a portfolio of eligible green projects (the “Eligible Green Projects”, “EGP”) defined, selected, tracked and reported on in accordance with this Framework.

P3 may establish or utilise other entities for financing in the future, and the relevant fundraisings and instruments may be designated by P3 to be included in this Framework if meeting the relevant criteria.

This Framework may, from time to time, be updated and will be applied to any outstanding Green Financing Instrument issued by P3 following the date of publication of the updated framework.

For instance, future changes to the ICMA Green Bond Principles, the LMA/APLMA/LSTA Green Loan Principles, and/or developments related to sustainable finance regulation may be implemented in future versions of this Green Financing Framework. Any future version of this Green Financing Framework will either keep or improve the current level of transparency and reporting disclosures, including the corresponding review by an external independent second-party opinion provider.

For the avoidance of doubt, this updated framework and any future changes will not necessarily apply to Green Financing Instruments issued under previous frameworks.

### 6. Green Bond Principles

The Framework follows the International Capital Market Association Green Bond Principles (“GBP”) 2021, including the updated Appendix I of June 2022<sup>3</sup> and the Loan Market Association Green Loan Principles (“GLP”) 2023<sup>4</sup>. P3 intends to follow best market practice and will communicate in a transparent manner on:

- Use of proceeds
- Process for project evaluation and selection
- Management of proceeds
- Reporting
- External verification

Each of P3’s eligible categories have been aligned with the relevant UN Sustainable Development Goals and EU environmental objectives. The Framework also takes into consideration, where possible, the EU Taxonomy Regulation<sup>5</sup> (the “EU Taxonomy”) and the EU Taxonomy Delegated Acts on Climate Change Mitigation and Adaptation<sup>6</sup> adopted in June 2021.

P3 has commissioned a third-party consultant to assess the top 15% of the building stock of the logistics buildings in the countries where P3 operates. These findings are published on our website and may be updated periodically. P3 intends to report EU taxonomy eligible assets and projects and report where there is supporting documentation required.

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<sup>3</sup> International Capital Market Association, Green Bond Principles, June 2021, including June 2022 Appendix I: [www.icmagroup.org/sustainable-finance/theprinciples-guidelines-and-handbooks/green-bondprinciples-gbp/](http://www.icmagroup.org/sustainable-finance/theprinciples-guidelines-and-handbooks/green-bondprinciples-gbp/)

<sup>4</sup> Loan Market Association, Green Loan Principles, February 2023: [www.lsta.org/content/green-loan-principles/](http://www.lsta.org/content/green-loan-principles/)

<sup>5</sup> Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088

<sup>6</sup> EU Taxonomy Delegated Act on Climate Change Mitigation and Adaptation published in April 2021 and adopted in June 2021: [https://ec.europa.eu/info/publications/210421-sustainable-finance-communication\\_en](https://ec.europa.eu/info/publications/210421-sustainable-finance-communication_en)

## 6.1. USE OF PROCEEDS

Eligible Green Projects may include the current value of fixed assets, CapEx and/or operational expenditures (“OpEx”) associated with the Eligibility Criteria outlined below. Asset values and CapEx shall qualify for refinancing with no limitation with regards to look-back period, while OpEx qualify with a maximum three-year look-back period from the time of issuance. An amount equal to the net proceeds from the issuance of each Green Financing Instrument will be used to finance or refinance, in whole or in part, new or existing Eligible Green Projects that meet the Eligibility Criteria defined below:

GBP Eligible Categories	Eligibility Criteria and Example Projects	UN SDGs	EU Environmental Objectives	EU Economic Activities
<b>Green Buildings</b>	<p>Acquisition, construction, development of new and existing properties that meet recognised standards, such as:</p> <ul style="list-style-type: none"> <li>— Buildings with EPC label A or B</li> <li>— Buildings built before 31 December 2020 belonging to the top 15% of the national building stock based on primary energy demand (PED).</li> <li>— Buildings built after 31 December 2020 with energy performance at least 10% better than the threshold for Nearly Zero-Energy Buildings (“NZEB”) in the local market</li> </ul> <p>New, existing or refurbished commercial buildings which received at least one of the following certifications, or their equivalent:</p> <ul style="list-style-type: none"> <li>— BREEAM Very Good or above</li> <li>— DGNB Gold or above</li> </ul>	   	Climate Change Mitigation (Article 10)	<p>7.2. Renovation of existing buildings</p> <p>7.3. Installation, maintenance and repair of energy efficiency equipment</p> <p>7.6. Installation, maintenance and repair of renewable energy technologies</p> <p>7.7. Acquisition and ownership of buildings</p>
<b>Renewable Energy</b>	<p>Investments and/or expenditures on acquisition, development, construction, and/or installation of renewable energy production and storage units to generate on-site renewable energy, including (but not limited to):</p> <ul style="list-style-type: none"> <li>— On-site solar systems</li> <li>— Battery storage</li> </ul>	 	Climate Change Mitigation	
<b>Energy Efficiency</b>	<p>Investments and/or expenditures on the refurbishment, renovation or upgrade of existing buildings that result in an energy efficiency improvement of at least 20%.</p> <p>These activities contribute to the reduction of energy consumption including, but not limited to, building upgrades, equipment, systems, operational improvements, and maintenance, such as (but not limited to):</p> <ul style="list-style-type: none"> <li>— Investments on LED lighting</li> <li>— Improvements to thermal performance of the building fabric</li> <li>— HVAC systems powered by non-fossil fuels</li> </ul>	 	Climate Change Mitigation	

Eligible Green Projects may include physical assets such as green buildings and renewable energy capacity, as well as CapEx and selected OpEx related to those assets.



## 6.2. PROCESS FOR PROJECT EVALUATION AND SELECTION

P3 has established a cross-functional Green Financing Committee (the 'Committee') to act on behalf of the Company to oversee the project evaluation and selection process and ensure selected Green Projects align with the Eligibility Criteria defined in the Use of Proceeds section of this Framework.

The Committee is comprised of senior management and representatives from various functions, including ESG and Finance, and will meet at least semi-annually. The Committee is chaired by the Head of ESG within the business.

### 6.2.1. The responsibility of the Committee includes:

- Reviewing the content of P3's Green Financing Framework and updating it to reflect changes in corporate strategy, technology, market, or regulatory developments on a best effort basis. Updating external documents such as Second Party Opinion (SPO) and related documents from external consultants and accountants.
- Evaluating and defining the Eligible Green Projects in line with the Eligibility Criteria as set out in the Framework, excluding projects that no longer comply with the Eligibility Criteria or have been disposed of and, in such case, replacing them.
- Overseeing, approving and publishing the allocation and impact reporting, including external assurance statements. P3 may rely on external consultants and their data sources, in addition to its own assessment.
- Monitoring internal processes to identify known material risks of negative social and/or environmental impacts associated with Eligible Green Projects and appropriate mitigation measures where possible.
- Liaising with relevant business finance segments and other stakeholders on the above.
- Reviewing the Framework from time to time to ensure it remains aligned to market practice and P3's ESG strategy.

### 6.2.2. ESG Risk Management

- Operational Risks. P3 systematically monitors key aspects of business risk. ESG risk assessment is built into our development and investment processes, ensuring that we identify and adequately address material risks related to climate change mitigation and adaptation, environmental management practices, working and safety conditions, anti-bribery and corruption practices, and compliance with relevant laws and regulations. P3 published its first annual climate-related transitional risks report in 2023.
- Ethical conduct. P3's policy is to conduct all its business honestly and ethically. P3 takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its operations, business dealings and relationships worldwide. P3 has implemented and follows clear procedures<sup>7</sup> to prevent and report bribery, corruption, money laundering and the funding of terrorism, and requires its business partners to do the same.

## 6.3. MANAGEMENT OF PROCEEDS

The net proceeds from the issuance of GFI will be tracked and monitored through an internal tracking system. P3 expects to allocate proceeds to Eligible Green Projects, selected in accordance with the Eligibility Criteria and the Process for Project Evaluation and Selection presented above, within 24 months of issuance of the Green Finance Instrument.

Pending full allocation, unallocated net proceeds from GFI will be managed in accordance with P3's liquidity management policy and may be used for other cash management purposes or any other treasury business.

P3 will ensure that the amount of Eligible Green Projects which will collectively form the "Green Portfolio", will always be in excess of the equivalent net proceeds from the GFI.

P3 may dispose of buildings that were financed by the GFI. When this occurs, P3 will on a best effort basis substitute any Eligible Green Projects that are no longer eligible, or which have been disposed of, as soon as is reasonably practicable with an appropriate Eligible Green Project.

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<sup>7</sup> [www.p3parks.com/compliance](http://www.p3parks.com/compliance)

## 6.4. REPORTING

P3 will annually report on its website on the allocation of net proceeds to the Eligible Green Projects (the 'Green Financing Allocation and Impact Report').

This reporting will be updated annually until full allocation of the Green Financing Instrument, and thereafter in case of material change. P3 intends to report on the allocation of the net proceeds to the Eligible Green Projects at least at the category level and on an aggregated basis for all the P3's Green Financing Instruments for so long as such Green Financing Instruments remain outstanding.

P3 intends to align its reporting with the approach described in the ICMA "Handbook – Harmonized Framework for Impact Reporting [June 2023]"<sup>14</sup> on a best effort basis.

### 6.4.1. Allocation Reporting

To the extent practicable, P3 will provide information such as:

- The total amount of net proceeds allocated at least at the eligible project category level
- The number of Eligible Green Projects
- The share of financing (proceeds allocated to post-issuance Eligible Green Projects) vs refinancing (proceeds allocated to pre-issuance Eligible Green Projects)
- The breakdown per type of Eligible Green Projects (e.g. asset values, capital expenditures).
- The balance of unallocated proceeds, if any
- The proportion of the Eligible Asset Portfolio that is EU Taxonomy Aligned

### 6.4.2. Impact Reporting

To the extent possible, P3 plans to report on the environmental impact in aggregate for eligible categories, together with the aforementioned proceeds allocation status in future annual Green Financing Reports.

Examples of possible environmental indicators could include:

#### Green Buildings

- Number of assets and floor space of Green Buildings meeting the eligibility criteria (m<sup>2</sup>)<sup>8</sup>
- Green certification level
- Estimated annual CO<sub>2</sub> emissions avoided (tCO<sub>2</sub>)

#### Renewable Energy

- Total installed capacity (MW)
- Estimated annual CO<sub>2</sub> emissions avoided (tCO<sub>2</sub>)

#### Energy Efficiency

- Expected energy savings per year (MWh)
- Estimated annual CO<sub>2</sub> emissions avoided (tCO<sub>2</sub>)

Where appropriate, case studies or project summaries may also be provided.

Where relevant, information will be provided on the impact assessment and data reporting methodologies applied by the P3. The approach to impact reporting may be updated over time to align with emerging reporting standards and methodologies.


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<sup>8</sup> Methodology for calculating the number of assets and floor space for certified green buildings is covered in the annual ESG disclosures.



## 7. External Verification

### 7.1. SECOND PARTY OPINION

The Issuer has appointed Sustainalytics to provide an independent Second Party Opinion report ('SPO') on this Framework, which will be available on the P3 website on the following page:  
[www.p3parks.com/investors](http://www.p3parks.com/investors) 

The SPO provides investors with an independent assessment of the expected sustainability benefits of the Eligible Green Projects categories and the alignment of this Framework with the GBP and GLP.

### 7.2. POST-ISSUANCE VERIFICATION

In addition, starting one year after issuance of any Green Financing Instrument, an independent external auditor will verify the internal tracking method and allocation of the funds annually until full allocation of the outstanding Green Financing Instruments, confirming that an amount equal to the net proceeds of the Green Financing Instruments has been allocated in compliance with of the Use of Proceeds criteria set forth in this Framework.

### 7.3. PERIODIC IMPROVEMENT

As the green finance market continues to evolve, P3's Framework may be subsequently revised or updated to remain consistent with shifting expectations, best market practices and regulatory landscape. For any material revision of the Framework, P3 will seek to obtain a refreshed SPO.

## 8. Disclaimer

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