



WDP

WAREHOUSES
WITH BRAINS

Green Financing Framework

April 2022

BEL20



Introduction to WDP

At WDP, through a client-centric approach, our aim is to help our customers grow at the core of their supply chain through warehouses with brains. Our mission is to construct a sustainable shell around the logistics process. Our purpose is to offer a home for the supply chain. Their home is our home. Our warehouse with brains. WDP provides a solution to the demand for modern, intelligent storage facilities. The customer requires an energy-efficient (therefore a cost-reducing) and low-carbon location that is strategically embedded to promote an optimal flow of goods. We do this to create long-term value to our customer, our shareholders and all stakeholders through long-term financial, physical, and sustainable value creation.

WDP has a pure-play strategy as an investor, developer, and manager in storage and distribution space with the view to long-term letting. Our dedicated logistics and industrial real estate portfolio encompasses around 6 million m² of leasable space across Belgium, the Netherlands, Luxembourg, France, Germany and Romania and was valued at around EUR 6 billion as per 31 December 2021. In the Benelux and Romania, WDP has solidified its position as market leader throughout the years.

WDP has a strong sense of responsibility. The company acknowledges the impact of its activities and its product i.e. its buildings on the environment across its value chain, and intends to reduce the footprint of its logistics property now and in the future. WDP has opted to concentrate its focus on where the most significant differences can be made.

Climate Action Plan 2021: pathway to Net-Zero by 2050

Lead by example, lead in climate adaptation. With the built environment accounting for nearly 40% of all energy consumption and around 36% of greenhouse gas emissions in Europe¹, WDP aims to lead the way in reducing its emissions across its entire value chain. That is cradle-to-gate embodied carbon from its development activities, carbon from operations, renovation and maintenance, and end-of-life carbon.

Early 2022, WDP developed a strategic action plan to improve its sustainability performance across its entire value chain. This [Climate Action Plan](#) presents detailed and transparent actionable items, defining WDP's **pathway towards net-zero by 2050**. As a listed company and market leader grown out of a family- business, WDP is committed to becoming a net-zero business by 2050 through a phased approach per area (in function of scope 1, 2 and 3), aligning it with a 1.5-degrees scenario and the ambitious goals of the EU Green Deal of reaching carbon neutrality by 2050. WDP aims to have its net-zero targets validated by the Science Based Targets initiative (SBTi) over the course of 2022².

¹ Press release, EU Renovation wave strategy, European Commission, 10/14/2020 (available [here](#))

² For companies with less than 500 employees, such as WDP, SBTi applies a streamlined target validation route where generic pre-defined scope 1 and scope 2 GHG emissions targets will be validated. The scope 3 GHG emissions targets of such companies are not validated by SBTi, however a company must formally commit to measure and reduce its scope 3 emissions. WDP has made such a commitment in its Climate Action Plan.

Today, many of the existing pledges fall short on the completeness and effort that is needed to reach net-zero by 2050. WDP's carbon reduction target is based on a transparent, ambitious, and robust framework. To address the challenges, but also by benefiting from opportunities in the development of a sustainable and climate resilient business, our Climate Action Plan breaks down into three core areas:

WDP ENERGY

leading the transition through renewable energy generation and optimised consumption;

WDP DECARB+

reducing global greenhouse gas (GHG) emissions ('decarbonisation') and the environmental impact ('+') of our scope 1, 2 and 3 emissions; and

WDP GREEN

further integrating sustainability in the development, financing, and operations of the Group in the long run.

As part of our commitment to reduce emissions, WDP has committed increasing the procurement of renewable electricity. Furthermore, we are also rolling out an ambitious action plan to substantially upscale our renewable energy production capacity and are scaling up our green building certification and green financing commitments over the entire property portfolio. WDP will deliver a reduction of its carbon emissions in its own operations, in the emissions of our clients' operations but also across our construction activities by carefully selecting our raw materials, construction partners and setting minimum building standards of at least BREEAM Very Good or equivalent from 2022 onwards.

WDP commits to implementing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). WDP will assess and mitigate climate change risks across our portfolio, as well as, provide our stakeholders and investors accurate data and insight about the climate related risks and opportunities which are relevant to our business. We aim to fully comply with this framework by 2024.

Bringing together our targets and ambitions, WDP supports and enables the transition to a low-carbon society, creating benefits for all our stakeholders. WDP's core commitments are:

- 1. Scope 1 and 2:** net-zero across WDP's own operation by 2025 and of its carpark by 2030.
- 2. Scope 3 (downstream leased assets):** net-zero by 2040.
- 3. Scope 3 (upstream capital goods):** net-zero by 2050.
- 4. Energy procurement:** ensure 100% of our corporate electricity supply is from renewable sources by 2023³.

³ Being the electricity procured by WDP and consumed by the client. We proactively strive for more green energy procurement together with our clients.

5. **TCFD reporting**: adoption of the recommendations by 2024.
6. **Renewable energy capacity**: achieve 250MWp of renewable electricity capacity by 2025.
7. **Energy monitoring system coverage**: achieve 100% coverage by 2025⁴.
8. **LED lightning**: achieve 100% coverage by 2030⁵.
9. **Green buildings**: achieve a green building certification rate of at least 75% of the property portfolio by 2025.
10. **Green financing**: achieve green financing for at least 75% of outstanding debt by 2025.

The above net zero targets will be measured from a 2020 base year.

More details on WDP's sustainability strategy and performance can be found [here](#).

Green Financing Framework

WDP has developed its Green Financing Framework ("the Framework") with the aim to attract funding to (re)finance Eligible Green Projects that support the company's strategy and commitments to sustainability. Eligible Green Projects furthermore contribute to the EU Environmental Objectives, climate change mitigation and adaptation in particular. WDP published its first Green Financing Framework in March 2018, followed by an update in 2020. As part of a continuous effort to ensure that the Framework aligns with current best market standards, WDP has decided to update its Green Financing Framework again in 2022. As the green finance market continues to evolve, WDP's Framework may be subsequently revised or updated to remain consistent with shifting expectations, best market practices and the regulatory landscape.

This Framework provides a clear and transparent set of criteria for Green Financing Instruments issued by WDP and is aligned with the Green Bond Principles ("GBP") 2021⁶ as administered by the International Capital Market Association (ICMA) and the Green Loan Principles ("GLP") 2021⁷ as administered by the Loan Market Association (LMA). The 2022 update of WDP's Green Financing Framework furthermore takes into account the EU Taxonomy Climate Delegated Act⁸ (June, 2021) and the proposed EU Green Bond Standard⁹ (July, 2021). With this Green Financing Framework, WDP has the possibility to issue Green Bonds, Green Private Placements and/or Green (Syndicated) Loans (together, the "**Green Financing Instruments**").

This Green Financing Framework is aligned with the four components of the GBP 2021 and GLP 2021:

- | | |
|---|---------------------------|
| 1. Use of Proceeds | 3. Management of proceeds |
| 2. Process for project evaluation and selection | 4. Reporting |

⁴ For Relevant properties.

⁵ For Relevant properties.

⁶ Available [here](#)

⁷ Available [here](#)

⁸ [Sustainable finance package | European Commission \(europa.eu\)](#)

⁹ [European green bond standard | European Commission \(europa.eu\)](#)






01. Use of proceeds

An amount equivalent to the proceeds of the Green Financing Instruments will be used to finance and refinance, in part or in full, new and/or existing eligible green assets and capital expenditures (“**Eligible Green Projects**”) in the categories Green Buildings, Renewable Energy, Energy Efficiency, and Clean Transportation. Eligible Green Projects are required to comply with the “**Eligibility Criteria**” outlined in the table below. The Eligible Green Projects are also mapped to the relevant United Nations Sustainable Development Goals (SDGs) and the economic activities included in the EU Taxonomy Climate Delegated Act.

GBP Category & UN SDGs

Eligibility Criteria

EU Taxonomy Climate Delegated Act

GBP Category & UN SDGs	Eligibility Criteria	EU Taxonomy Climate Delegated Act
<p>Green Buildings</p>   	<p>New and existing buildings, including investments in buildings under development and building acquisitions that comply with any of the following criteria:</p> <p>1. Sustainable certified buildings</p> <ul style="list-style-type: none"> a. BREEAM New Construction, or In-Use certification: Very Good, Excellent or Outstanding b. EDGE Certified, Advanced, or Zero-Carbon c. Green building certification equivalent to the above (e.g. LEED ≥ Gold; HQE ≥ Very Good or DGNB ≥ Silver) <p>2. Low energy buildings</p> <ul style="list-style-type: none"> a. For buildings built before 31-12-2020, the building has at least an Energy Performance Certificate (“EPC”) class A, or is within the top 15%¹⁰ of the national/regional building stock in terms of Primary Energy Demand¹¹ b. For buildings built after 31-12-2020, the Primary Energy Demand in kWh/m² per year, as displayed on the EPC, is at least 10% lower than the threshold set for the national nearly zero-energy building (NZEB) requirements¹² 	<p>7.1 Construction of new buildings</p> <p>7.7 Acquisition and ownership of buildings</p>

10 The composition of this top 15% is dynamic as real estate will become more energy efficient over time. In case WDP will allocate green finance proceeds to this category, the allocation reporting will include details on the methodology for determining this top 15% based on adequate evidence

11 Buildings with an effective rated output for heating systems, systems for combined space heating and ventilation, air-conditioning systems or systems for combined air-conditioning and ventilation of over 290 kW are efficiently operated through energy performance monitoring and assessment

12 For buildings larger than 5000 m², upon completion, the building resulting from the construction undergoes testing for airtightness and thermal integrity, and any deviation in the levels of performance set at the design stage or defects in the building envelope are disclosed to investors and clients. Alternatively, where robust and traceable quality control processes are in place during the construction process this will be used as alternative to thermal integrity testing. In addition, the life-cycle Global Warming Potential (GWP) of the building resulting from the construction has been calculated for each stage in the life cycle and is disclosed to investors and clients on demand

Energy Efficiency



Renovated buildings or investments in individual renovation measures to that comply with any of the following criteria:

- The building renovation leads to a reduction in Primary Energy Demand of at least 30%
- The building renovation complies with the applicable national/regional requirements for major renovations (implementing the EU Energy Performance of Buildings Directive)
- Individual renovation measures to improve energy efficiency, including but not limited to building insulation, LED lighting, energy efficient windows and doors, highly efficient heating-, ventilation and air-conditioning (HVAC), smart meters and energy monitoring systems

7.2 Renovation of existing buildings

7.3. Installation, maintenance and repair of energy efficiency equipment

7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings

Renewable Energy



Investments and expenditures related to on-site renewable energy generation and related technologies that support the energy transition, including:

- Renewable energy generation from solar photovoltaic and/or wind projects
- Energy storage solutions such as batteries that optimise the use of renewable energy generated on-site
- Other low carbon technologies such as district heating/cooling infrastructure, electric / solar photovoltaic air and ground heat pumps, geothermal energy installations

7.6 Installation, maintenance and repair of renewable energy technologies

Clean Transportation



Investments and expenditures to promote and facilitate sustainable transportation modes, including:

- Electrical vehicle charging stations for passenger cars and (light) commercial vehicles, as well as related infrastructure
- Improved accessibility of public transport
- Bicycle parking and facilities

6.13 Infrastructure for personal mobility, cycle logistics

6.15 Infrastructure enabling low-carbon road transport and public transport

7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)

**02.****Process for project evaluation and selection**

Eligible Green Projects are required to comply with local laws and regulations, including any applicable regulatory environmental and social requirements as well as group level policies and commitments, such as the [WDP HSES Action Plan](#). More information on WDP's approach on [ESG](#) and [corporate governance](#) is available on the website. Compliance with environmental and social regulations, as well as application of internal policies, will ensure high sustainability standards and aims at addressing the Do No Significant Harm (DNSH) criteria and Minimum Social Safeguards of the EU Taxonomy, on a best effort basis.

WDP has furthermore established an ESG Team as part of its broader ESG strategy, overseeing the sustainability strategy, policies, and commitments of the Group. The ESG Team is composed of the General Counsel, Head of Human Resources, Head of Sustainability and Energy, and Investor Relations.

The Treasury department, under the control of the Chief Financial Officer (CFO), will manage the Green Financing Framework. The Treasury department will perform the responsibilities set out below and will report to the ESG Team on a quarterly basis for validation and approval.

The key responsibilities of the Treasury department are:

1. Selecting and evaluating the portfolio of Eligible Green Projects based on the Eligibility Criteria as described in section 1 of this Framework;
2. Monitoring and manage the use of proceeds;
3. Monitoring compliance with disclosure requirements, in order to be in-line with market best practices;
4. Reporting on the allocation of proceeds and its impact, and;
5. Reviewing and updating the framework subsequently to reflect any changes with regards to the company's sustainability strategies and initiatives, as well as market best practices.



03. **Management of proceeds**

The proceeds will be managed by the Treasury department of WDP on a portfolio basis, using an internal register system to track the portfolio of Eligible Green Projects. If a Green Financing Instrument is outstanding, an amount equivalent to the proceeds of such instruments will be allocated to the portfolio of Eligible Green Projects. If a project no longer meets the Eligibility Criteria, WDP will remove the project from the portfolio of Eligible Green Projects and aims to replace it with another Eligible Green Project in a timely manner on a best effort basis.

WDP will ensure that the portfolio of Eligible Projects exceeds, or at least is equal to, the amount of Green Financing proceeds raised under this Framework. WDP intends to fully allocate the proceeds of Green Financing Instruments within a timeframe of maximum 2 years after issuance. Pending full allocation, the proceeds will be invested on a temporary basis, in accordance with relevant internal policies.

The allocation of the proceeds will be reviewed and approved by the WDP ESG Team on a quarterly basis.



04. **Reporting**

WDP will deliver transparent reporting on the portfolio of Eligible Green Projects, as well as reporting on the impact of the Eligible Green Projects portfolio. Reporting will commence a year after the issuance of the relevant Green Financing Instrument, and then annually until full allocation. WDP will provide aggregated reporting for all Green Financing Instruments. The reporting will be made available on the Investor Relations section of the WDP corporate website, under Debt information. An external auditor will verify the allocation of proceeds to the portfolio of Eligible Green Projects as well as the indicators used in the impact report until maturity of issued Green Financing Instruments.

WDP will align, on a best effort basis, the reporting with the portfolio approach described in the “Handbook – Harmonized Framework for Impact Reporting (June 2021)”¹³ published by ICMA.

¹³ Available [here](#)

4.1 Allocation reporting

On an annual basis until full allocation, WDP will prepare a report on the outstanding eligible assets and financing. This report provides information about:

1. The total amount of eligible assets under the Green Financing Framework
2. The total outstanding of Green Financing Instruments issued using the Green Financing Framework
3. The allocation of the proceeds of issued Green Financing Instruments towards the portfolio of Eligible Green Projects, including information on:
 - The composition of the portfolio per use of proceeds category;
 - A breakdown by geographical area (country level);
 - A breakdown of new financing vs. refinancing;
 - A breakdown of the Eligible Green Projects by nature of what is being financed (assets, capital expenditures)
 - Environmental Objectives supported by the portfolio of Eligible Green Projects;
4. The amount of unallocated proceeds, if any.

4.2 Impact reporting

The impact reporting will report on the performance of the portfolio of Eligible Green Projects against pre-defined environmental impact metrics. Where relevant, information may also be included on data reporting and impact assessment methodologies to increase transparency. The impact report will include indicators such as:

Category	Potential impact indicators
Green Buildings	<ul style="list-style-type: none"> • Number of eligible buildings, type of scheme, (such as BREEAM, EDGE, EPC label, or any equivalent internationally recognized third-party verified certification scheme), certification level, and m² Gross Building Area • Energy intensity expressed in kWh/m² for Green Buildings • Carbon emissions in tonnes CO₂ equivalent • Selected case studies

Category	Potential impact indicators
Energy Efficiency	<ul style="list-style-type: none"> • kWh/m² of Gross Building Area per annum for refurbished buildings • Carbon emissions in tonnes CO₂ equivalent • LED coverage (as a % of the group portfolio) • Energy monitoring system coverage (as a % of the group portfolio) • The amount of energy savings and carbon emissions reduced in tonnes CO₂ equivalent • Selected case studies
Renewable Energy	<ul style="list-style-type: none"> • The total installed capacity (in MWp) • The total annual generation of renewable energy (in MWh) • The relative percentage of renewable energy generated on site and the percentage / absolute amount of energy reduced / carbon emissions avoided • Energy storage capacity (MWh) • Selected case studies
Clean transportation	<ul style="list-style-type: none"> • The number of implemented EV charging stations • The percentage of logistics sites with electric vehicle charging stations where parking lots represent at least 10% of parking space • Selected case studies



05. External Review

5.1 Pre-issuance review

WDP has appointed CICERO Shades of Green (“CICERO”), a recognized independent Second Opinion provider, to review this Framework and its alignment with the Green Bond Principles and Green Loan Principles. In its Second Opinion report, CICERO concluded that the Framework is “found in alignment” with the Green Bond Principles and Green Loan Principles and rated the Framework as “CICERO Medium Green” with a governance score of “Excellent”.

CICERO has furthermore undertaken a light touch EU Taxonomy assessment, and concludes that “the framework’s activities are likely aligned with the EU Taxonomy technical screening criteria for substantial contribution to climate change mitigation, except for green buildings where it is not yet possible to conclude on alignment”.

The SPO document is available on the Investor Relations section of WDP’s corporate website, under Debt information.

5.2 Post-issuance review

WDP will engage an independent external auditor to provide a review of the Allocation Reporting, confirming that an amount equal to the proceeds of outstanding Green Financing Instruments has been allocated in compliance with the Eligibility Criteria and objectives of the Green Financing Framework. WDP will also provide an external review on the impact report.

The verification report will be made publicly available on the Investor Relations section of WDP’s corporate website, under Debt information.

Disclaimer

Warehouses De Pauw NV/SA, abbreviated WDP, having its registered office at Blakebergen 15, 1861 Wolvertem (Belgium), is a public regulated real estate company, incorporated under Belgian law and listed on Euronext.

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