



# Green Finance Framework

7R S.A. 15.04.2024



# AGENDA

## 1. Sustainability in 7R

Environmental and social challenges

7R's business base

Rationale for green financing

## 2. Use of Proceeds

Exclusions

## 3. Process for Project Evaluation and Selection

ESG Risks

## 4. Management of Proceeds

## 5. Reporting

Green bond allocation

Second Party Opinion (pre-issuance)

Disclaimer

# 1. Sustainability in 7R

The world we live in currently faces many challenges related to climate change, loss of biodiversity, and environmental pollution. These issues have significant consequences for our health, well-being, and future. In the case of climate change, one of the most important challenges is reducing greenhouse gas emissions.

To this end, many companies are taking steps to increase the energy efficiency of their production processes by investing in renewable energy sources and promoting sustainable transport.

At 7R, we are aware of the impact that environmental and social challenges have on the future of companies and communities. We have designed our sustainability strategy to respond to these challenges, ensuring that our actions today pave the way to a sustainable future.

## Environmental and social challenges

Our mission is to provide customers with production and warehouse facilities using the latest technologies that have a holistic and positive impact on the planet and counteract climate change. The challenges that we consider the most important are:

### **Environment – Carbon footprint (embedded and operational):**

Achieving a balance between building materials and the use of innovative technical solutions to reduce both embedded and operational carbon emissions is a complex challenge. While sourcing sustainable materials can minimize initial emissions, ensuring long-term operational efficiency requires constant innovation and adaptation to meet regulatory and market requirements.

### **Environment – Waste Management:**

As our warehouses expand, managing, reducing and recycling waste generated during construction and operation becomes an increasing challenge. Improving waste processes to align with our sustainability goals requires both technological and behavioural changes.

## **Environment – Biodiversity**

Each new warehouse location potentially affects local ecosystems. Ensuring that development does not disrupt natural habitats while integrating biodiversity-friendly features is an ongoing challenge in the face of rapid expansion.

## **Society – Social involvement**

Effective engagement of various stakeholders, including tenants, partners, and local communities, requires transparent communication and active involvement. As a company grows, maintaining this level of engagement and ensuring its real impact becomes increasingly complex.

## **Society – Employee development**

As the 7R team grows, it becomes crucial to ensure that each employee has access to development opportunities, training, and a supportive work environment. Meeting the diverse needs of a growing team while aligning with the company's core values remains an ongoing challenge.

## **Society – Local community**

Wherever our projects are created, we support local institutions – hospitals, schools, foundations, and local government initiatives. We talk to residents and local government units. If there are needs or issues that need to be answered or included in our investment plans, we listen. If there is an opportunity to help locally, we do it.

## **7R's business base**

We design warehouse and industrial facilities, creating innovative and sustainable spaces. Our products are tailored to the individual needs of each client. We manage the development process at every stage of the project's construction, providing our clients with the necessary support. We operate in accordance with ESG criteria.

Our customers are companies of different scales and representing various industries, including logistics, light manufacturing, e-commerce, pharmaceuticals and automotive. At 7R, we offer big box facilities (logistics parks), as well as bespoke build-to-suit warehouses and city warehouses.

Our activities include comprehensive management of the investment process, starting from the analysis of the location in terms of both technical and legal aspects, through the process of obtaining the necessary administrative decisions, to putting the finished facility into use, management and potential resale in various time horizons.

Before investing and purchasing a given plot, we carefully analyse issues related to broadly understood ESG aspects, including the impact of the planned building on the surrounding environment, aspects of biodiversity and possibilities of reducing this impact.

Thanks to this approach, our offer is well suited to customer expectations and responds to the dynamically changing real estate market, also ensuring compliance with European Union legislative requirements.

Our competitive advantage is strengthened, among others, by: by systematically accumulating a reserve of plots – the so-called "land bank". We are looking for attractive locations with prospects for potential tenants and preparing investment areas. We design modern buildings, adapted to the needs of various industries, often already at the design stage, in cooperation with future tenants.

## **Rationale for green financing**

The issuance of finance instruments in green format provides debt investors with increased transparency on the use and impact of the funds.

The primary objective of green-labelled funding issued under the framework is to facilitate 7R's transition towards a more sustainable real estate business, in line with the Company's ESG strategy.

By deploying this approach, 7R aims to make a positive contribution to environmental sustainability, while meeting its long-term business objectives.

## 2. Use of Proceeds




An amount equivalent to the net proceeds will be allocated to finance and/or refinance, acquisition of assets and/or expenditures for the development of projects, by entities in the 7R Group including subsidiaries, holding companies, that meet the below detailed Eligibility Criteria as provided for in this Green Finance Framework (“Eligible Green Projects”). 7R Group commits to providing information with transparency, accuracy and integrity, according to the four core components of the ICMA Green Bond Principles 2021 (“GBP”) and the LMA Green Loan Principles (“GLP”).

- I. Use of Proceeds
- II. Process for Project Evaluation and Selection
- III. Management of Proceeds
- IV. Reporting

This Green Finance Framework (“Framework”) is fully aligned with the ICMA Green Bond Principles and the LMA Green Loan Principles.

The Framework is applicable for the issuance of Green Finance Instruments including Green Bonds, Green Loans and where net proceeds will be exclusively applied to finance and/or refinance green projects with clear environmental benefits. The Eligible Green Projects contribute to the EU environmental objective of climate change mitigation and the achievement of certain UN Sustainable Development Goals. Investments in Eligible Green Projects are part of 7R Group’s sustainability strategy.

Eligible Green Project Categories relevant for use under the Framework include:

Eligible Green Project Category	Eligibility Criteria	Contribution to UN SDG
Green Buildings	<ul style="list-style-type: none"> <li>I. Acquisition and development of new commercial buildings (“buildings”) that: <ul style="list-style-type: none"> <li>A. have achieved or are in the process of achieving or will achieve an environmental certification such as BREEAM Excellent or above.</li> </ul> </li> <li>II. Primary Energy Demand (PED based on the energy performance certificate)<sup>1</sup> is or will be at least 10% lower than the local Nearly Zero Energy Buildings (NZEB)<sup>2</sup></li> <li>III. For buildings larger than 5,000m<sup>2</sup> upon completion, the building resulting from the construction undergoes testing for airtightness and thermal integrity<sup>3</sup>, 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. As an alternative, where robust and traceable quality control processes are in place during the construction process this is acceptable as an alternative to thermal integrity testing;</li> <li>IV. For buildings larger than 5,000m<sup>2</sup><sup>4</sup>, the life-cycle Global Warming Potential (GWP)<sup>5</sup> 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.</li> </ul>	  

<sup>1</sup> The calculated amount of energy needed to meet the energy demand associated with the typical uses of a building expressed by a numeric indicator of total primary energy use in kWh/m<sup>2</sup> per year and based on the relevant national calculation methodology and as displayed on the Energy Performance Certificate (EPC).

<sup>2</sup> As defined by the Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings (OJ L 153, 18.6.2010, p. 13).

<sup>3</sup> The testing is carried out in accordance with EN13187 (Thermal Performance of Buildings - Qualitative Detection of Thermal Irregularities in Building Envelopes - Infrared Method) and EN 13829 (Thermal performance of buildings. Determination of air permeability of buildings. Fan pressurisation method) or equivalent standards accepted by the respective building control body where the building is located.

<sup>4</sup> For residential buildings, the calculation and disclosure are made for a representative set of dwelling/apartment types.

<sup>5</sup> The GWP is communicated as a numeric indicator for each life cycle stage expressed as kgCO<sub>2</sub>e/m<sup>2</sup> (of useful internal floor area) averaged for one year of a reference study period of 50 years. The data selection, scenario definition and calculations are carried out in accordance with EN 15978 (BS EN 15978:2011. Sustainability of construction works. Assessment of environmental performance of buildings. Calculation method). The scope of building elements and technical equipment is as defined in the Level(s) common EU framework for indicator 1.2. Where a national calculation tool exists, or is required for making disclosures or for obtaining building permits, the respective tool may be used to provide the required disclosure. Other calculation tools may be used if they fulfil the minimum criteria laid down by the Level(s) common EU framework (version of [adoption date]: <https://susproc.jrc.ec.europa.eu/product-bureau/product-groups/412/documents>), see indicator 1.2 user manual.

All proceeds will be allocated to the Eligible Green Project categories as defined in this Framework contributing to the environmental objective of climate change mitigation through low carbon emissions. Eligible Green Projects include physical assets such as commercial buildings and the acquisition of land to develop such physical assets.

For the avoidance of doubt, a facility cannot be labelled as green/sustainable if it includes a Green/sustainable and non-green/sustainable tranche(s).

## **Exclusions**

Allocations will be made strictly in accordance with the Use of Proceeds requirements as specified above. To avoid doubt, no allocation of proceeds in the fossil fuel, nuclear, defense, alcohol, tobacco or gambling industries will be made.



# 3. Process for Project Evaluation and Selection

The evaluation and selection process for Eligible Green Projects is a key process in ensuring that the amount equivalent to the net proceeds from Green Finance Instruments is allocated to projects that meet the criteria and objectives set out above in Use of Proceeds section.

A Green Finance Committee (“GFC”) has been established by 7R bringing together the expertise from various business activities. The GFC is composed of the Chief Financial Officer, Head of Debt & Treasury, and Head of Sustainability.

Only projects which are approved by all members of the GFC can be selected as Eligible Green Projects. A list of Eligible Green Projects is kept by the Project Finance department who is responsible for keeping the list up to date and ensuring that proceeds are sufficiently allocated to Eligible Green Projects on a regular basis until full allocation.

On an ongoing basis, Eligible Green Projects from 7R’s portfolio of projects will be identified and proposed to the GFC. The GFC will screen these projects against

1. Eligibility Criteria (as described in Section 2),
2. 7R’s internal policies, and
3. Local regulations.

On the basis of the screening process, the Green Finance Committee will recommend Eligible Green Projects to the Management Board of 7R, notifying all other appropriate teams and committees. Only projects which are approved by all members can be selected as Eligible Projects.

The GFC will review, annually or earlier if should be deemed necessary, the allocation of the proceeds to the Eligible Green Projects and determine if any changes are necessary. While any 7R Green Financing is outstanding, in the case of divestment or cancellation of a project to which proceeds have been allocated, 7R will reallocate the proceeds to other Eligible Green Projects.

### **The Green Finance Committee will be responsible for:**

- A. Ensuring the proposed allocations are aligned with the relevant general Company policies and the Company's ESG strategy,
- B. Ensuring the potential Eligible Green Projects are aligned with the categories and eligibility criteria as specified in the Use of Proceeds section above and approving any proposed changes to the Portfolio of Eligible Green Projects in the event that the projects no longer meet the eligibility criteria,
- C. Approving the annual Allocation and Impact Report,
- D. The GFC meets at least on an annual basis and until full allocation.

We appreciate the importance of non-financial factors and strive to develop our business in a sustainable manner. ESG-related activities are an integral part of our business model as part of our plan through 2028, and we will systematically evaluate and revise these activities as deemed appropriate.

At the centre of our vision is an unwavering commitment to sustainability and care for the environment. We are confident that we will not only adapt to the current times but also take a leadership role in introducing pioneering initiatives and solutions for the environment. The goal is clear and ambitious: to create a zero-emissions warehouse.

Our strategy is focused on meeting this commitment. With a vision to launch projects with a 50% smaller carbon footprint, we are setting the industry standard. By 2028, we will realise our resolve by bringing competitively priced, zero-carbon storage to market. This step forward is not only a matter of environmental responsibility but also to provide tangible benefits to our stakeholders, tenants and partners.

## **ESG Risks**

Our mission is to provide our clients with manufacturing and warehousing facilities using the latest technologies that holistically and positively impact the planet and tackle climate change. The challenges we deem as most significant are:

- I. Carbon footprint (embedded and operational) - While sourcing sustainable materials can minimize initial emissions, ensuring long-term operational efficiency requires constant innovation and adaptation to meet regulatory and market requirements. Construction cost and delivery capability were identified as areas of focus.
- II. Waste Management - Improving waste processes to align with our sustainability goals requires both technological and behavioural changes.
- III. Biodiversity - Each new warehouse location potentially impacts local ecosystems. Ensuring that development does not disrupt natural habitats while integrating biodiversity-friendly features is an ongoing challenge in the face of rapid expansion.
- IV. Local community - Wherever our projects are set up, we support both local institutions - hospitals, schools, foundations - and local government initiatives. We talk to residents and local government units. If there are needs or issues that need to be addressed or included in our investment plans - we listen.

7R's main goal is to reduce its ESG risks by constantly working on risk mitigation measures. Identified ESG risk categories are part of the risk assessment policy respective measures are introduced to minimize and mitigate identified risks.

Strategic focus on low carbon construction, emphasis on renewable energies, green building certifications and the integrated management system for occupational health and safety protection to ensure a safe and healthy working environment are examples of the measures set by 7R.

# 4. Management of Proceeds

7R will use an amount equal to the net proceeds raised from the issuance of bonds, loans or other debt instruments issued under this framework (“Green Finance Instruments”) for financing and/or refinancing of its portfolio of Eligible Green Projects, including acquisition of lands (the “Eligible Green Projects Portfolio”). The proceeds will be managed on an aggregated basis. Green Loans of 7R take the form of tranche(s).

The Company intends, to the best of its abilities, to fully allocate the proceeds within 36 months after the issuance date of each Green Finance Instrument.

7R will, on a best-efforts basis, aim to achieve a level of allocation out of the Eligible Green Projects Portfolio that matches or exceeds the balance of net proceeds from its outstanding Green Finance Instruments. If a project is no longer eligible or has been disposed of, it will be removed from the Eligible Green Projects Portfolio. Replacement of projects to replenish the Eligible Green Projects Portfolio to at least match the outstanding Green Finance Instruments will be done on a best-effort basis.

Pending full allocation or reallocation, non-allocated proceeds will be held by 7R or, at 7R’s discretion, may be temporarily placed in operational expenditures on the assets meeting Eligible Green Projects criteria of this Framework, or otherwise maintained in cash and cash equivalents, in line with 7R’s regular cash management policy.

The proceeds raised from the issuance of Green Finance Instruments will be allocated to sub-accounts and all relevant information regarding the allocation to Eligible Green Projects will be maintained and monitored in 7R’s internal accounting systems.

So long as the green bond is outstanding, the tracking of proceeds and their allocation will be reflected in the annual green bond allocation report, under the responsibility of the Green Finance Committee, and validated by an external reviewer.

# 5. Reporting

7R will publish a green bond allocation and an impact report covering information at green portfolio level, which will be available on the Company website within 12 months of issuance and then updated annually until full allocation.

7R will issue periodic ESG reports following the Science Based Targets initiative (SBTi) and appropriate selected and mandated reporting guidelines, including partial disclosures according to ESRS before the effective date for the CSRD regulation to be mandatory for 7R and full disclosures after the effective date. Additional information on the performance of specific assets may be available in 7R's annual report in the Sustainability Performance section.

Any material developments, such as modification of the framework or allocation portfolio, will be reported in a timely manner.

## Green bond allocation

The green bond allocation report will include:

- A. The size of the Eligible Green Projects Portfolio, including information on:
  - 1. the list of Eligible Green Projects financed/refinanced;
  - 2. the geographical distribution of green projects (located in Poland);
  - 3. the share of financing/refinancing;
- B. The total outstanding Green Finance Instruments issued under the Framework;
- C. The remaining balance of unallocated proceeds (invested in cash, cash equivalents or other short-term and liquid instruments).

## Green bond impact report

7R will provide an impact report for the entire asset pool within Eligible Green Projects Portfolio in accordance with the approach outlined under the Harmonized Framework for Impact Reporting, including the following metrics, where feasible and on a best-efforts basis:

### A. Green Buildings

1. Level of BREEAM certification by property;
2. Score in Energy, Materials and Water assessment categories;
3. Life Cycle Global Warming potential of the building or similar;
4. Energy Performance Certification score or improvement over baseline criteria for NZEB.

## Second Party Opinion (pre-issuance)

7R has engaged ISS-Corporate to provide a Second Party Opinion (SPO) on its Green Finance Framework. ISS-Corporate reviewed the alignment of the Framework with ICMA's 2021 Green Bond Principles and LMA's 2023 Green Loan Principles.

The Second Party Opinion and the Green Finance Framework will be publicly available on 7R's website.

## Audit of the Allocation Report (post-issuance)

7R will appoint an external auditor to provide a post-issuance review addressing the allocation of the Green Finance Instruments' proceeds to Eligible Green Projects on an annual basis until full allocation. Such a verification report will be published on 7R's website.

## Disclaimer

1. This Green Finance Framework is a general document providing non-exhaustive information. 7R does not grant any representation, warranty or undertaking and 7R accepts no responsibility or liability for the accuracy, completeness, or appropriateness of any information included herein.
2. 7R is entitled to make any updates or amendments to this Green Finance Framework. 7R is neither obliged to update or correct any inaccuracy in the information provided in the Green Finance Framework nor notify of any inaccuracies or implemented amendments.
3. This document is of an indicative nature and should not be interpreted as an offer, recommendation or solicitation regarding any particular transaction. Nothing in this Green Finance Framework should be construed as legal, tax or financial advice, nor should it serve as the foundation for any contract, legally enforceable commitment, or claim of any kind. Nor is the Green Finance Framework any indication that deciding for or against any transaction is the right solution for the recipient. Before making any decisions relating to any information provided herein the recipient should consult its own advisors and provide its own comprehensive examination, including the merits and risks involved as well as legal, financial and tax consequences of the transaction.
4. This Green Finance Framework includes forward-looking statements that represent 7R's opinions, expectations, beliefs, intentions, estimates or strategies regarding the future, which may not be based on complete or exhaustive assumptions and may not be finally realized. The forward-looking statements reflect 7R's views and assumptions with respect to future events as of the date of this Green Finance Framework and are subject to risks and uncertainties, including those beyond 7R's liability to control or predict. Actual and future results and trends could differ materially from those assumed herein. 7R does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.
5. Certain information contained herein could be obtained from published sources prepared by third parties. While such sources are believed to be reliable, 7R assumes no responsibility for such information.
6. Information and data included in this Green Finance Framework and/or communicated by 7R representatives are indicative and of general nature only and does not relate to specific financial situation or needs of the recipient and cannot be the basis for making any decision by the recipient and neither 7R nor its representatives shall be liable for any consequences of such decisions.
7. If the objectives, aspirations, and intentions outlined in and/or in connection with this document are used, implemented, complied with, or achieved in any other way, neither 7R nor its representatives or employees shall be liable for any damages, direct, indirect, incidental, consequential, or otherwise, whether arising in contract, tort, or otherwise.
8. The distribution or use of this document by any person or entity in any jurisdiction where such distribution or use would be illegal is not intended. The recipient is obliged to comply with any such restrictions.

9. Definitions:

"Issuer Group" means the Issuer as parent entity and all its subsidiaries (directly and indirectly) constituting the 7R Group in accordance with the consolidated financial statements of the Issuer.

"Development Projects" means projects pertaining to warehousing space (irrespective of its use, in particular including data centres), industrial and manufacturing space, including in particular the design and construction of such space, the management at each stage of the development process relating to such space and the management of such space.