

EPRA sBPR REPORT 2019

# VALUES BUILT ON FORESIGHT

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## Introduction

### About us

VIB Vermögen AG is a medium-sized company specialising in commercial real estate management that has been operating successfully for more than 25 years. The company focuses on properties from the logistics/light industry and retail sectors in the economically strong southern German region. VIB's shares have been listed on the Munich (m:access) and Frankfurt (Open Market) stock exchanges since 2005.

VIB's business model is based on a "develop-or-buy-and-hold" strategy. Firstly, VIB acquires properties that are already rented. Secondly, it completely develops new properties in order to transfer them to its own portfolio on a long-term basis and generate rental income from them. VIB also holds investments in companies with real estate assets.

Ever since VIB Vermögen AG was founded, sustainability has been a core component of the company's day-to-day operations and its values. Our aim is not only to generate added value for our shareholders and tenants; indeed, we are also committed to the general public, our business partners and, last but not least, our employees in everything we do. For us, responsible and transparent corporate governance is essential for the long-term success of our company.

Sustainability aspects are not only taken into consideration in dealings with our stakeholders, but are also at the heart of our growth strategy. Sustainable and profitable growth, on the basis of environmental and social aspects, will continue to shape our actions in the years to come.

We report on our environmental, social and governance impacts in accordance with the EPRA Sustainability Best Practice Recommendations 3<sup>rd</sup> Edition (sBPR's). The data and narrative cover the calendar year ending 31 December 2019. This EPRA-Report is structured in the following sections:

1. Overarching recommendations
2. Narrative on performance
3. Sustainability performance measures (see tables on page 6 ff.)

## Overarching recommendations

### Organisational boundaries

We only report on data from our properties, over which we have full operational control.

### Coverage

We report on all properties within the organisational boundaries defined above, and for which we are responsible for utilities consumption and where the year-end settlement is entirely available at the reporting date.

In applying these boundaries, out of the 109 properties in the VIB portfolio, 17 are considered for the sEPRA reporting, with a total useful are of 392,656 sqm (share of total portfolio of 34%). The

total value (amount of Investment Properties as shown in the balance sheet) of the 17 properties is 341 m Euro (share of total Investment Properties of 26%).

The Coverage for each EPRA-KPI and segment is 100%. Within Logistics / Light Industry 11 out of 11, within Retail 3 out of 3, within Offices & Others 3 out of 3.

When comparing properties of the years 2018 and 2019 there did not occur any changes, so that also useful areas remain unchanged. Thus, there is no difference between “absolute”- and “Lfl”-KPIs.

The assessment only considers properties of VIB Vermögen AG or subsidiaries of VIB Vermögen AG, that are consolidated in the context of VIB group.

### **Estimation of landlord-obtained utility consumption**

All utility data of our properties for the years 2017, 2018 and 2019 are 100% based on invoices we received from providers.

We have made the decision to only use real and actual values and therefore no estimations were used.

### **Boundaries – reporting on landlord and tenant consumption**

The consumption reported includes only the utilities (energy and water) that we purchase as landlords. Water consumption occurs at a whole building level and therefore includes tenant use where this is reported. Waste data covers tenant and landlord waste as we are responsible for waste contracts.

### **Analysis – normalisation**

Intensities (Elec-Int, GHG-Int and Water-Int) are calculated using the underlying useful area (m<sup>2</sup>) as the denominator. The floor area denominator is therefore equivalent to utilities which are served to this space and as such there is no disproportion in the intensity calculations.

Health and safety performance measures are calculated using the following formulae:

- Injury rate = Number of reportable injuries/Total number of working hours
- Lost Day Rate = Number of days lost (three days or longer) due to workplace injuries/Total number of working hours
- Absentee rate = Number of days absent due to illness/Total number of working days

### **Analysis – segmental analysis**

Segmental analysis has been conducted on an asset type basis of the company, meaning Logistics/Light Industry, Retail and Offices/Others. As the property portfolio of VIB is solely located in Germany, a geographical segmentation was not executed.

### Third party verification

The sustainability data in this report is reviewed for consistency although it has not been subject to external third-party verification.

### Disclosure on own offices

We report on utility data of our own offices in a separate survey.

VIB is economic owner of our self-used offices, in which part of the area is sublet.

In our own offices we exclusively use utility data where we are responsible in person. We did not estimate any data and did also not use any data from our tenant.

For further details please see the table on page 8.

## Narrative on performance

### Environmental performance

#### Energy & GHG emissions

In 2019, the overall energy consumption per unit area (Energy-Int) of our portfolio remained stable at 0%, with a 2.4% decrease in landlord obtained electricity consumption (Elec-LfL), a 1.9% increase in landlord obtained consumption from district heating & cooling (DH&C-LfL) and a 1.2% decrease in landlord obtained consumption from fuels (Fuels-LfL). The reason for the decline of the absolute energy consumption (Energy-Abs) of 2.4% is mainly caused by the successively conversion of the properties to more efficient LED-lighting systems. The absolute energy consumption of district heating & cooling (DH&C-Abs) increased by 1.9%, whereas absolute energy consumption from fuels (Fuels-Abs) dropped by 1.2%. Reason for this variation is mainly due to the fluctuating need of energy in the different heating periods.

This has caused a corresponding 1.2% decrease in Scope 1 emissions (GHG-Dir-Abs) and a 0.2% decrease in Scope 2 emissions (GHG-Indir-Abs). On an intensity basis, overall Scope 1 and 2 emissions (GHG-Int) per tonne CO<sub>2</sub>e/sqm/year decreased by 0.5%.

Since 2017, we have operated from a new head office that was built by ourselves and meets a high standard of environmental sustainability. We incorporated the latest standards of cooling and conditioning coupled with heating pumps. For heating the whole building only needs external electricity to run the heating pumps and therefore no fuels are burned in our building. We also have a ventilation system with heat recovery, LED lighting and charging points for electric vehicles. Additionally, on the roof of the building we installed solar panels. With a performance of an annual 30 KW peak, we calculate a saving of approximately 27 tonnes CO<sub>2</sub> to date.

#### Water

Water consumption (Water-Int) of our portfolio increased by 8.9% between 2018 and 2019. The absolute Water consumption (Water-Abs) increased by 8.9% in 2019 and is mainly attributed to an extraordinary effect within the Segment Logistics/Light Industry. In this context there occurred an unnoticed burst of a water pipe that caused an extraordinary wastage of around 4,000 cubic

meters of water. Adjusted by this effect, the total water consumption of the portfolio would have remained approximately on the level of the previous year. All water of the VIB properties is sourced from the municipal supply.

### Waste Management

The total weight of waste generated across the portfolio that we collect data for decreased by 28.8% between 2018 and 2019. As a result of German waste regulations, none was sent to landfill, with a 68% sent for energy recovery from incineration (48% in 2018) and 24% recycled (46% in 2018). We were able to compost the remaining 8% of waste which is an increase from 6% in 2018.

### Building certifications

While the current portfolio in this sEPRA report does not contain any certified buildings, in recognition of the value and clarity which green building certifications can provide, we have decided to examine a certification of all future logistics developments.

## Social performance

### Diversity

VIB recognises the importance of a balanced and inclusive workforce with a diversity of thought. 64% of our direct employees are female (an increase from 63% in the previous year) while 25% of senior management are female (25% in the previous year).

### Training and development

On account of their knowledge and loyalty our employees play a significant role in our positive course of the business. We therefore do everything in our power as an employer to ensure that our employees are happy at the company and can make the most of their talents. We also help our employees to safeguard their future and therefore support all members of the staff with an occupational pension scheme.

We also attach significant importance to the training and professional development of our people. Alongside the range of trainee programs, we offer needs-based training as for example concerning topics like tenancy law, data protection, time management, operational safety measures or language courses. VIB has also been certified as an apprenticeship provider for property professionals by the IHK (German Chamber of Industry and Commerce) since 2013. In 2019, we provided an average of 20 hours training per employee, up from 6 hours in 2018.

### Turnover

During 2019, 5 new employees joined the company, which equates to a new hire rate of 12%. At the same period, 1 employee left the company which equates to a turnover rate of 2%.

### Health and safety

In the corporate workspace, out of the 42 employees at VIB, we only had 2 smaller injuries in 2019 (0 in 2018), followed by 2 absence days 2019. The injury rate and lost day rate therefore is reported as 0% as the accurate calculation is lower than 0.01%.

To avoid accidents and injuries within our properties, the VIB property managers have a close view on health and safety assessments. When developing new logistics properties there is a standard process in place when handing over the completed property to the tenant. All elements of the building, e.g. logistics and production halls, offices, common rooms, etc. are accurately checked in

terms of safety deficits or potential health risks. Furthermore, fire sprinkling systems, fire and smoke detectors, stairways, escape ways, elevators, etc. are being reviewed regarding the strict German legal regulations. While the properties are in service after completion, our property managers attend regular inspections of insurance experts and certified examination offices (also required by law) to permanently keep the high standard of the building but also of the technical and electrical infrastructure.

Regarding our existing and older properties, we regularly invest money in renovation and modernisation of the buildings. This not only increases the long-life cycle of the building and the commitment of the tenant to VIB but also helps the people who work in the building to feel good and comfortable at their workplace. Due to the Inhouse-Portfolio-Management we work closely together with our tenants and know their needs and problems very well.

## Governance

Within the scope of our business operations we are in contact with a vast array of social groups. As part of shared interaction, the focus is not only on economic and environmental issues, but also on social considerations. Our business relations, which are geared towards the long term, are always characterised by mutually responsible and fair dealings.

For us, applicable legislation (particularly company and capital market law), the company's articles of incorporation and the rules of procedure of the Supervisory and Managing Boards form the foundation in terms of devising and practicing sustainable corporate governance. In addition, there are a raft of internal guidelines and processes that apply across the VIB Group and that require each and every employee to conduct themselves in a legally and ethically upstanding fashion. The central element in this regard is the VIB Code of Conduct (published on the VIB website), which sets out explicit rules on fair competition and the avoidance of conflicts of interest, the non-discrimination of minorities and the prevention of corruption, as well as data protection and the conduct of VIB employees in public.

We also take the view, however, that good corporate governance includes the application of principles that go above and beyond statutory requirements. With this in mind, the ability of both the management and workforce to act in a proactive and committed fashion, and to respond flexibly and promptly to changes and challenges, is the cornerstone of sustainable company success. This requires a high degree of personal initiative and expertise, as well as a willingness to embrace change, on the part of our employees. Our executives treat their employees with great respect and courtesy and always strive to inspire the necessary confidence. In day-to-day operations, individuality is respected and diversity of opinion fostered. Decisions are implemented with purpose and resolve in an atmosphere characterised by mutual acceptance and appreciation.

For further information on our corporate governance, See chapter "Corporate Governance" of the VIB Annual Report 2019 (page 27 ff.)

# EPRA Sustainability Performance Measures

## Environmental KPIs PORTFOLIO

Area	EPRA Code	Indicator	Unit(s) of measure	Logistics / Light Industry				Retail			
				2017	2018	2019	Change	2017	2018	2019	Change
Energy	Elec-Abs	Total electricity consumption	annual kWh	3,671,959	3,586,318	3,511,975	-2.1%	1,046,645	1,080,349	1,089,462	0.8%
		% from renewable sources		60%	60%	63%	4.1%	66%	64%	54%	-15.3%
	Elec-Lfl	Like-for-like total electricity consumption	annual kWh	3,671,959	3,586,318	3,511,975	-2.1%	1,046,645	1,080,349	1,089,462	0.8%
		DH&C-Abs	Total district heating & cooling consumption	annual kWh	11,400,593	9,323,107	9,527,309	2.2%	946,150	849,425	952,015
	% from renewable sources			n/a	n/a	n/a		n/a	n/a	n/a	
	DH&C-Lfl	Like-for-like total district heating & cooling consumption	annual kWh	11,400,593	9,323,107	9,527,309	2.2%	946,150	849,425	952,015	12.1%
		Fuels-Abs	Total fuel consumption	annual kWh	6,010,866	5,989,107	5,798,176	-3.2%	2,384,914	2,109,534	2,215,489
% from renewable sources			0%	0%	0%	0.0%	0%	0%	0%	0.0%	
Fuels-Lfl	Like-for-like total fuel consumption	annual kWh	6,010,866	5,989,107	5,798,176	-3.2%	2,384,914	2,109,534	2,215,489	5.0%	
	Energy-Int	Building energy intensity	kWh/sqm	67	60	60	-0.3%	83	77	81	5.4%
Emissions		GHG-Dir-Abs	Total direct greenhouse gas (GHG) emissions	annual metric tonnes CO <sub>2</sub>	1,426	1,421	1,376	-3.2%	566	501	526
	GHG-Indir-Abs		Total indirect greenhouse gas (GHG) emissions	annual metric tonnes CO <sub>2</sub>	4,788	4,222	4,234	0.3%	787	781	811
		GHG-Int	Greenhouse gas (GHG) emissions intensity from building energy consumption	annual metric tonnes CO <sub>2</sub> /sqm	0.020	0.018	0.018	-0.6%	0.026	0.024	0.025
Water	Water-Abs	Total water consumption	annual cubic metres (m <sup>3</sup> )	22,288	26,764	30,629	14.4%	23,480	23,320	24,338	4.4%
		Water-Lfl	Like-for-like total water consumption	annual cubic metres (m <sup>3</sup> )	22,288	26,764	30,629	14.4%	23,480	23,320	24,338
	Water-Int		Building water intensity	m <sup>3</sup> /sqm	0.07	0.08	0.10	14.4%	0.45	0.44	0.46
Waste		Waste-Abs	Total weight of waste by disposal route	annual metric tonnes	61	60	61	1.9%	120	91	44
	% incinerated			65%	65%	64%	-1.9%	26%	33%	68%	108.1%
	% composted		5%	15%	14%	-1.9%	1%	1%	1%	16.3%	
	% recycled		30%	20%	22%	12.5%	72%	66%	31%	-53.8%	
	Waste-Lfl	Like-for-like total weight of waste by disposal route	annual metric tonnes	61	60	61	1.9%	120	91	44	-51.2%
			% incinerated	65%	65%	64%	-1.9%	26%	33%	68%	108.1%
		% composted	5%	15%	14%	-1.9%	1%	1%	1%	16.3%	
% recycled	30%	20%	22%	12.5%	72%	66%	31%	-53.8%			
Certification	Cert-Tot	number of sustainability certified assets	number of certified assets	0	0	0	0.0%	0	0	0	0.0%

na = not applicable  
n/a = not available

-> The calculation of GHG emissions is based on data of the German Federal Environmental Agency (location-based)

Environmental KPIs PORTFOLIO

Area	EPRA Code	Indicator	Unit(s) of measure	Offices & others				Total			
				2017	2018	2019	Change	2017	2018	2019	Change
Energy	Elec-Abs	Total electricity consumption	annual kWh	764,037	780,202	715,395	-8.3%	5,482,641	5,446,869	5,316,832	-2.4%
			% from renewable sources	35%	35%	36%	0.9%	57%	57%	57%	-0.1%
	Elec-LfL	Like-for-like total electricity consumption	annual kWh	764,037	780,202	715,395	-8.3%	5,482,641	5,446,869	5,316,832	-2.4%
			annual kWh	1,368,668	1,305,459	1,216,269	-6.8%	13,715,411	11,477,991	11,695,593	1.9%
	DH&C-Abs	Total district heating & cooling consumption	annual kWh	1,368,668	1,305,459	1,216,269	-6.8%	13,715,411	11,477,991	11,695,593	1.9%
			% from renewable sources	n/a	n/a	n/a		n/a	n/a	n/a	
	DH&C-LfL	Like-for-like total district heating & cooling consumption	annual kWh	1,368,668	1,305,459	1,216,269	-6.8%	13,715,411	11,477,991	11,695,593	1.9%
			annual kWh	279,972	310,296	296,963	-4.3%	8,675,752	8,408,937	8,310,628	-1.2%
Fuels-Abs	Total fuel consumption	annual kWh	279,972	310,296	296,963	-4.3%	8,675,752	8,408,937	8,310,628	-1.2%	
		% from renewable sources	0%	0%	0%	0.0%	0%	0%	0%	0.0%	
Fuels-LfL	Like-for-like total fuel consumption	annual kWh	279,972	310,296	296,963	-4.3%	8,675,752	8,408,937	8,310,628	-1.2%	
		Building energy intensity	kWh/sqm	115	115	107	-7.0%	72	65	65	0.0%
Emissions	GHG-Dir-Abs	Total direct greenhouse gas (GHG) emissions	annual metric tonnes CO <sub>2</sub>	66	74	70	-4.3%	2,059	1,995	1,972	-1.2%
			annual metric tonnes CO <sub>2</sub>	745	737	681	-7.7%	6,320	5,740	5,726	-0.2%
	GHG-Indir-Abs	Total indirect greenhouse gas (GHG) emissions	annual metric tonnes CO <sub>2</sub> /sqm	0.039	0.039	0.036	-7.3%	0.022	0.020	0.020	-0.5%
Water	Water-Abs	Total water consumption	annual cubic metres (m <sup>3</sup> )	2,970	2,557	2,378	-7.0%	48,738	52,641	57,345	8.9%
			annual cubic metres (m <sup>3</sup> )	2,970	2,557	2,378	-7.0%	48,738	52,641	57,345	8.9%
	Water-LfL	Like-for-like total water consumption	annual cubic metres (m <sup>3</sup> )	2,970	2,557	2,378	-7.0%	48,738	52,641	57,345	8.9%
Building water intensity			m <sup>3</sup> /sqm	0.14	0.12	0.11	-7.0%	0.13	0.14	0.15	8.9%
Waste	Waste-Abs	Total weight of waste by disposal route	annual metric tonnes	7	7	7	0.0%	188	158	112	-28.8%
			% incinerated	100%	100%	100%	0.0%	42%	48%	68%	41.3%
			% composted	0%	0%	0%	0.0%	2%	6%	8%	35.1%
	Waste-LfL	Like-for-like total weight of waste by disposal route	% recycled	0%	0%	0%	0.0%	56%	46%	24%	-47.6%
			annual metric tonnes	7	7	7	0.0%	188	158	112	-28.8%
			% incinerated	100%	100%	100%	0.0%	42%	48%	68%	41.3%
	Certification	Cert-Tot	number of sustainability certified assets	% recycled	0%	0%	0%	0.0%	56%	46%	24%
number of certified assets				0	0	0	0.0%	0	0	0	0.0%

na = not applicable  
n/a = not available

-> The calculation of GHG emissions is based on data of the German Federal Environmental Agency (location-based)



## Environmental KPIs OWN OFFICE

Area	EPRA Code	Indicator	Unit(s) of measure	2017	2018	2019	Change
Energy	Elec-Abs	Total electricity consumption	annual kWh	144,763	187,783	200,068	6.5%
			% from renewable sources	46%	46%	53%	16.5%
	Elec-LfL	Like-for-like total electricity consumption	annual kWh	144,763	187,783	200,068	6.5%
	DH&C-Abs	Total district heating & cooling consumption	annual kWh	na	na	na	
			% from renewable sources	na	na	na	
	DH&C-LfL	Like-for-like total district heating & cooling consumption	annual kWh	na	na	na	
	Fuels-Abs	Total fuel consumption	annual kWh	na	na	na	
			% from renewable sources	na	na	na	
Fuels-LfL	Like-for-like total fuel consumption	annual kWh	na	na	na		
Energy-Int	Building energy intensity	kWh/sqm	52	68	72	6.5%	
Emissions	GHG-Dir-Abs	Total direct greenhouse gas (GHG) emissions	annual metric tonnes CO <sub>2</sub>	na	na	na	
	GHG-Indir-Abs	Total indirect greenhouse gas (GHG) emissions	annual metric tonnes CO <sub>2</sub>	65	85	93	9.8%
	GHG-Int	Greenhouse gas (GHG) emissions intensity from building energy consumption	annual metric tonnes CO <sub>2</sub> /sqm	0.024	0.031	0.034	9.8%
Water	Water-Abs	Total water consumption	annual cubic metres (m <sup>3</sup> )	634	521	572	9.8%
	Water-LfL	Like-for-like total water consumption	annual cubic metres (m <sup>3</sup> )	634	521	572	9.8%
	Water-Int	Building water intensity	m <sup>3</sup> /sqm	0.23	0.19	0.21	9.8%
Waste	Waste-Abs	Total weight of waste by disposal route	annual metric tonnes	5	5	5	0.0%
			% incinerated	12%	12%	12%	0.0%
			% composted	46%	46%	46%	0.0%
			% recycled	42%	42%	42%	0.0%
	Waste-LfL	Like-for-like total weight of waste by disposal route	annual metric tonnes	5	5	5	0.0%
			% incinerated	12%	12%	12%	0.0%
			% composted	46%	46%	46%	0.0%
		% recycled	42%	42%	42%	0.0%	
Certification	Cert-Tot	number of sustainability certified assets	number of certified assets	0	0	0	0.0%

na = not applicable

n/a = not available

- > Heating energy and warm water of VIB headquarter exclusively produced by own heating pumps, no fuels burned and no external energy for district heating and cooling consumed
- > The calculation of GHG emissions is based on data of the German Federal Environmental Agency
- > Water withdrawal source is 100% from municipal supply
- > we did not use any estimations for calculating consumption figures

Social & Governance KPIs

Area	EPRA Code	Indicator	Unit(s) of measure	Coverage	2017	2018	2019
Employee Diversity	Diversity-Emp	Ratio male / female - Supervisory Board	%	Corporate Level	100% male, 0% female	100% male, 0% female	100% male, 0% female
		Ratio male / female - Management Board	%		100% male, 0% female	100% male, 0% female	100% male, 0% female
		Ratio male / female - Senior Management	%		75% male, 25% female	75% male, 25% female	75% male, 25% female
		Ratio male / female - all employees	%		38% male, 62% female	37% male, 63% female	36% male, 64% female
Employee Training and Development	Emp-Training	Average training hours per employee	hours	Corporate Level	15	6	20
	Emp-Dev	Ratio of total workforce with regular performance review	%	Corporate Level	100%	100%	100%
	Emp-Turnover	Total number of new hires	total number	Corporate Level	5	4	5
		Ratio of new hires	%		13%	11%	12%
		Total number of leavers	total number		0	5	1
		employee turnover rate	%		0%	13%	2%
Health and Safety	H&S-Emp	Injury rate	%	Corporate Level	0%	0%	0%
		Lost day rate	%		0%	0%	0%
		Absentee rate	%		3%	4%	6%
		Fatalities	total number		0%	0%	0%
	H&S-Asset	Ratio of assets with regular health & safety assessments	%	Portfolio	100%	100%	100%
	H&S-Comp	total number of incidents of non-compliance from health and safety assessments	total number	Portfolio	0	0	0
Communities	Comty-Eng	community engagement initiatives	%	Portfolio	0%	0%	0%
Governance	Gov-Board	Total number of Executive Board members	total number	Corporate Level	5	5	6
		Total number of independent Executive Board members	total number		5	5	6
		Average tenure of Executive Board members	years		10.7	11.7	10.7
		Board members with competencies relating to environmental and social topics	total number		5	5	6
	Gov-Select	Process for selecting the Executive Board	Narrative on process	Corporate Level	See chapter "Corporate Governance" Annual Report 2017 (page 27 ff.)	See chapter "Corporate Governance" Annual Report 2018 (page 29 ff.)	See chapter "Corporate Governance" Annual Report 2019 (page 27 ff.)
	Gov-Col	Process for managing conflicts of interests of the Executive Board	Narrative on process	Corporate Level	See chapter "Corporate Governance" Annual Report 2017 (page 27 ff.)	See chapter "Corporate Governance" Annual Report 2018 (page 29 ff.)	See chapter "Corporate Governance" Annual Report 2019 (page 27 ff.)



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