

AXA Logistics Europe Master S.C.A.

Type of Engagement: Annual Review

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Introduction

In November 2021, AXA Logistics Europe Master S.C.A. (ALEM) issued two green bonds (EUR 500 million 5-Year Green Bond, and EUR 300 million 8-Year Green Bond), (“GB I” and “GB II”) under the AXA Logistics Europe Master S.C.A. Green Finance Framework (the “Framework”)¹ aimed at financing and refinancing eligible projects expected to contribute to improving the energy and environmental performance of logistics buildings in Europe. Sustainalytics provided a Second-Party Opinion on the Framework in October 2021.²

In October 2022, ALEM engaged Sustainalytics to review the projects funded with proceeds from the GB I and GB II bonds and provide an assessment as to whether those projects met the use of proceeds criteria and the reporting commitments outlined in the Framework.

Evaluation Criteria

Sustainalytics evaluated the assets funded with proceeds from the GB I and GB II bonds based on whether those assets:

1. Met the use of proceeds and eligibility criteria outlined in the Framework ; and
2. Reported on at least one of the key performance indicators (KPIs) for each use of proceeds category outlined in the Framework.

Table 1: Use of Proceeds Category, Eligibility Criteria and Associated KPIs

Use of Proceeds Category	Eligibility Criteria	Key Performance Indicators
Green Buildings	<ul style="list-style-type: none"> ▪ Acquisition, or refurbishment of existing buildings which meet recognised standards, such as: <ul style="list-style-type: none"> - BREEAM certification of at least Very Good (with a minimum score of 70% in the energy category) - DGNB certification of at least Gold - LEED certification of at least Gold - EPC A³ or B⁴ certification (top 15% of national or regional logistics building stock) ▪ All new construction or redevelopment of buildings will target BREEAM Excellent or EPC A ▪ Existing assets eligible for inclusion include those with at least: 	<ul style="list-style-type: none"> ▪ Level of certification by property ▪ Annual GHG emissions reduced or avoided (in tCO₂e pa) ▪ Annual energy savings (in MWh pa) ▪ Annual reduction in water consumption (in m³)

¹ AXA Logistics Europe Master S.C.A., “AXA Logistics Europe Master S.C.A. Green Finance Framework”, (2021), at: <https://alts.axa-im.com/document/6193/view>

² AXA Logistics Europe Master S.C.A., “AXA Logistics Europe Master S.C.A. Green Finance Framework Second-Party Opinion”, at: <https://alts.axa-im.com/document/6194/view>

³ EPC A label in Belgium, France, the Netherlands and the United Kingdom.

⁴ EPC labels A and B in Germany, Italy, Spain, Sweden, Switzerland, Finland, Norway, Luxembourg, Poland and Austria.

	<ul style="list-style-type: none"> - BREEAM Very Good (with a minimum score of 70% in the Energy category) - DGNB Gold - LEED Gold - EPC A³ or B⁴ (top 15% of national or regional logistics building stock) 	
Energy Efficiency	<ul style="list-style-type: none"> ▪ Renovations or refurbishment of existing buildings, delivering a minimum 30% reduction in carbon emissions intensity or two letter grade improvements according to local EPC, when accompanied by a minimum reduction in primary energy demand by 20% <ul style="list-style-type: none"> - Capex used to align performance with 1.5°C scenario under CRREM ▪ Installation, maintenance and repair of energy efficiency equipment ▪ Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings 	<ul style="list-style-type: none"> ▪ Annual GHG emissions reduced or avoided (in tCO₂e pa) ▪ Annual energy savings (in MWh pa) ▪ Annual energy efficiency gain relative to an established baseline (in percentages)
Renewable Energy	<ul style="list-style-type: none"> ▪ Installation of photovoltaic solar or other renewable energy⁵ ▪ Dedicated support infrastructure for photovoltaic solar across building management systems ▪ Purchase of renewable energy for electricity consumption under medium and long-term power purchase agreements (> 5 years) ▪ Installation, maintenance and repair of renewable energy technologies 	<ul style="list-style-type: none"> ▪ Renewable energy capacity added or rehabilitated (MWh pa) ▪ Annual GHG emissions reduced or avoided (in tCO₂e pa) ▪ Annual energy savings (in MWh pa) ▪ Annual energy efficiency gain relative to building energy performance baseline defined for particular type in region (in percentages)
Eco-Mobility	<ul style="list-style-type: none"> ▪ Electric vehicle (EV) charging stations ▪ Any infrastructure promoting the use of low-carbon transport solutions in urban areas, such as electric vehicles, bicycles, etc. ▪ Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)⁶ 	<ul style="list-style-type: none"> ▪ Number of electric charging points ▪ Avoided CO₂ emissions (in tCO₂e/year)
Waste Management	<ul style="list-style-type: none"> ▪ Improved waste management such as by offering multiple possibilities to recycle and dispose of waste 	<ul style="list-style-type: none"> ▪ Annual amount of waste recycled

Issuer's Responsibility

ALEM is responsible for providing accurate information and documentation relating to the details of the funded projects, including description of projects, amounts allocated and project impact.

⁵ Other renewable energy sources could include geothermal facilities, in any case emitting less than 100 gCO₂e/kWh)

⁶ Activities as defined by the EU Taxonomy.

Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings, conducted the verification of use of proceeds from ALEM’s green bonds. The work undertaken as part of this engagement included collection of documentation from ALEM and review of said documentation to assess conformance with the AXA Logistics Europe Master S.C.A. Green Finance Framework.

Sustainalytics relied on the information and the facts presented by ALEM. Sustainalytics is not responsible nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein due to incorrect or incomplete data provided by ALEM.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight of the review.

Conclusion

Based on the limited assurance procedures conducted,⁷ nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, the reviewed projects do not conform with the use of proceeds and reporting criteria outlined in the Framework. ALEM has disclosed to Sustainalytics that the proceeds from the green bonds were fully allocated as of March 2022.

Detailed Findings

Table 2: Detailed Findings

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the projects funded with proceeds from the green bonds to determine if projects aligned with the use of proceeds criteria outlined in the AXA Logistics Europe Master S.C.A. Green Finance Framework and above in Table 1.	All projects reviewed complied with the use of proceeds criteria.	None
Reporting Criteria	Verification of the projects funded with proceeds from the green bonds to determine if impact of projects was reported in line with the KPIs outlined in the AXA Logistics Europe Master S.C.A. Green Finance Framework and above in Table 1. For a list of KPIs reported, please refer to Appendix 1 and 2.	All projects reviewed reported on at least one KPI per use of proceeds category.	None

⁷ Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the funded projects, including description of projects, estimated and realized costs of projects, and project impact, as provided by the Issuer, which is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

Appendix

Appendix 1: Allocation and Impact Reporting – GB I

Use of Proceeds Category	Eligibility Criteria	Name of Property	Property Location	Certifications or EPC Labels	Net Bond Proceeds Allocation (EUR million)
Green Buildings	Acquisition and existing assets	Wusterhausen	Germany	EPC B	70
		Sittard	Netherlands	EPC A	23
		Zwaag	Netherlands	EPC A	4
		Veghel	Netherlands	EPC A	15
		Helmond	Netherlands	EPC A	15
		Sicame London Medway	United Kingdom	EPC A	17
		Burago di Molgora - Milan East DS2	Italy	EPC A	15
		Vignoza - Padua DS2	Italy	EPC A	18
		Parma - Parma DC1	Italy	EPC A and BREEAM Excellent	18
		Mesero	Italy	EPC A	39
		Siziano	Italy	EPC A	17
		Stezzano	Italy	EPC A	7
		Vescovana BTS	Italy	EPC A	23
		Vescovana Kering	Italy	EPC A	12
		Zadam	Netherlands	EPC A	16
		Hämeenlinna Taipaleentie 6	Finland	EPC B	15
		Torvstikkeren 10	Norway	EPC B	13
		Stockholm Viby 19:102	Sweden	EPC B	22
		Stockholm Örnäs 1:23	Sweden	EPC A	34
		Stockholm Mörby 5:44	Sweden	EPC A	26
Jönköping Stigamo 1:39	Sweden	EPC B	21		
Jönköping Stigamo 1:57	Sweden	EPC A	46		

		Kerkrade	Netherlands	EPC A	13
Total Proceeds Allocated (EUR million)					500
Total Proceeds Raised (EUR million)					500

Appendix 2: Allocation and Impact Reporting – GB II

Use of Proceeds Category	Eligibility Criteria	Name of Property	Property Location	Certifications or EPC Labels	Net Bond Proceeds Allocation (EUR million)
Green Buildings	Acquisition and existing assets	Stockholm Örnäs 1:18	Sweden	EPC B	63
		Borås Solskenet 3	Sweden	EPC A	74
		Langenbach	Germany	EPC A	24
		Breda	Netherlands	EPC A	17
		Uden	Netherlands	EPC A	17
		Tiel	Netherlands	EPC A	16
		Oud-Beijerland	Netherlands	EPC A	15
		Ridderkerk	Netherlands	EPC A	30
Eindhoven	Netherlands	EPC A	44		
Total Proceeds Allocated (EUR million)					300
Total Proceeds Raised (EUR million)					300

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In case of discrepancies between the English language and translated versions, the English language version shall prevail.

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