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# Royal Schiphol Group

## Green Bond Framework

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# 1 Becoming the most sustainable airport in the world

Royal Schiphol Group ('Schiphol') plays an important socio-economic role in the Dutch economy, committed to creating value for society and for the economy. The group aspires to "Connect the Netherlands" by conducting business in a socially responsible manner, balancing the needs of business with those of the people and the planet.

Sustainability is core to Schiphol's strategy and vision. We believe it is our responsibility to promote sustainability in the aviation sector, create clarity and provide transparency on the impact of Schiphol for all relevant stakeholders and be decisive and act on the sustainable agreements that we have made.

Exhaustion and pollution of natural resources are global concerns. The aviation sector, currently responsible for 3% of global CO<sub>2</sub> emissions, is expected to grow on the back of population growth and rising incomes. In support of a low carbon global economy, Schiphol will look to steward this growth in an environmentally sustainable manner.

The sector, both domestically as well as internationally, is very much aware of, and committed to reducing its negative impact on the environment. This commitment is underpinned by efforts focusing on CO<sub>2</sub> emissions reduction, limiting noise pollution and investment in technological innovations, operational efficiencies and incentive initiatives.

To achieve our goals, we respect and abide by national and international agreements and objectives and participate in various initiatives, some of which are outlined below:

- Broad CSR initiatives and agreements: MVO Nederland, the Sustainable Development Goals (SDG's) and the Paris Agreement;
- Single European Sky (SES): initiative to optimise airspace capacity resulting in shortened flight routes, lowering fuel consumption and reducing CO<sub>2</sub> emissions;
- Responsible use of energy: working with partners on several initiatives such as KLM's Corporate biofuel programme and Bioport Holland;
- Circular economy: working with large variety of partners (such as Ellen MacArthur Foundation, Westas, Amsterdam Economic Board) to become a zero waste airport;
- Sustainable employment: we are founding and funding partners of Luchtvaart Community Schiphol and Sectorfond Luchtvaart that aim to ensure sustainable employment (education, employability and mobility);
- Noise and air quality: working with local communities and experts to improve noise and air quality

The benefits of air travel continue to be scrutinised, in particular versus the costs and challenges to society and environment. The sector as a whole recognizes its negative impact on the environment. However, we see an opportunity for Schiphol to play an important and leading role in the sector in addressing these challenges and helping to minimise the negative consequences for the environment. Although the aviation sector will not transform to an environmentally friendly industry overnight, we as an airport have the ability, the means and the opportunities to invest in sustainable development. We therefore act upon those elements that are within our scope of control and work together with the broader sector to boost sustainable development.

## Our objectives and ambition

Safety is our top priority and we will never make any concessions to ensure passengers can safely travel to and from our airports. In addition, we aim to lead by example when it comes to sustainability in the aviation sector and strive for three main objectives:

- 1) A clean future for the aviation sector
- 2) Future – proof airports
- 3) A healthy working and living environment

Our ambition is to be the **world's most sustainable airport** and our goals are to be a **zero waste airport by 2030** and a **climate neutral airport by 2040**. We use the SDGs<sup>1</sup> (numbers 8, 9, 11, 12, 13 and 17) to design and further strengthen our coordinating and leading role in the aviation sector and realize our ambition and goals.

## Examples

Since 2018, 100% of energy used at Schiphol is sourced from Dutch wind energy and is the airport served by the largest electric bus fleet in Europe. Our airports are easily accessible by train and a large majority of taxi's at our airport are electric. We provide smart green energy solutions for planes on the ground to significantly decrease the usage of kerosene and we are equipping more piers with sustainable cooling and heating systems and aspire to further improve the overall sustainability performance of our buildings.

In line with our objective to stimulate a clean(er) future for the aviation sector we have introduced an incentive mechanism in the airport charges methodology whereby airlines are rewarded if they deploy less noisy, and thus cleaner (lower CO2 emissions) aircrafts.

To ensure future-proof airports, we incorporated strict guidelines in our tendering policies for new builds and renovations to ensure buildings and processes will be highly energy efficient, making use of circular materials as much as possible and incorporate innovative design and products that further boost our sustainable ambitions.

We team up with our neighbours, where local farmers grow bird repellent flax that helps us in diminishing the amount of birds at the airports premises (further improving safety), whereby this flax is transformed into oil used for producing paint used at the airport.

Schiphol is at the forefront of promoting sustainability in all its operations, services and assets but also in the surroundings of the airports. This is, amongst others, underpinned by winning ACI Europe's Eco-innovation award in 2018, an award for airports that perform strongly and innovatively, in the sphere of sustainability<sup>1</sup>.

## Green Bond by Schiphol

In order to strengthen our ambition to be the most sustainable airport in the world Schiphol has decided to raise financing through a Green Bond. Schiphol aims to allocate the funds of the Green Bond towards the funding of:

- Green buildings (including investments to improve energy efficiency of those buildings and investments in line with our circular principles)
- Clean transportation

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<sup>1</sup> <https://www.schiphol.nl/en/schiphol-group/news/international-appreciation-for-schiphols-sustainability-efforts/>

## 2 Basis of this Green Bond Framework

Royal Schiphol Group N.V. and/or its 100% subsidiary Schiphol Nederland B.V. (hereinafter 'Schiphol') may from time to time issue Green Bonds in line with this Green Bond Framework. This framework may also be used to govern other financings for which proceeds are intended to be allocated to the Eligible Projects that are defined, selected, tracked and reported on in accordance with this Framework.

### 2.1 Green Bond Principles

The Schiphol Green Bond Framework follows the ICMA Green Bond Principles (GBP) 2018 edition. These principles intend to promote integrity of the Green financing market by offering guidelines that recommend transparency, disclosure and reporting in order to drive investors to allocate capital to Green projects.

The GBP provides for guidelines in four key areas:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

### 2.2 Use of Proceeds

The utilization of the proceeds from the Green Bond issue should provide for clear environmental benefits. The GBP recognises eligible green categories for utilization of Green bond proceeds, contributing to five high level environmental objectives: climate change mitigation, climate change adaptation, natural resource conservation, biodiversity conservation and pollution prevention and control.

In line with Schiphol intends to allocate the Green Bond proceeds to a portfolio of Eligible Projects, within the following project categories:

- Green Buildings (in line with SDGs 11 and 12)
- Clean transportation (in line with SDG 9)



## **A. Green buildings**

Use of Proceeds: new or existing investments in, or expenditures on, properties which meet at least one of the following criteria:

- 1) New, existing or refurbished buildings which have received at least one (or more) of the following classifications:
  - a. LEED<sup>2</sup>: Platinum, Gold
  - b. BREEAM<sup>3</sup>: Outstanding, Excellent, Very Good
  - c. EPBD<sup>4</sup>: A
  - d. Refurbished buildings with at least two steps improvement in energy label up to at least EPBD label B.
- 2) Individual investments in Green Buildings to ensure environmental improvements such as renewable energy projects (e.g. solar panel installations), sustainable/circular furniture, energy efficient lighting (such as LED), thermal energy storage systems, cool roof and any other sustainability-oriented construction materials, waste diversion, collection and reduction, water and energy-saving technologies and materials and improvements recognized by sustainable rating systems

General note: sourcing and construction of both new built and refurbishments are as far as practicable executed according to our circular principles, which includes the development according to circular design (ensuring low maintenance design, including use of modular and standardised components) and use of circular materials, which are materials which are healthy, sourced from fastly renewable resources, have a sustainable mining and production process, can be reused / recycled and have a materials passport

## **B. Clean transportation**

Use of Proceeds: new or existing investments in fixed electrical ground power and pre-conditioned air units<sup>5</sup>, zero emission equipment for remote handling, electric vehicles for passenger transportation at the airport premises, electric charging points for these vehicles, electric charging points for taxi's and consumer cars, equipment for electric taxiing, investments to further improve access to public transportation and bio-kerosene facilities

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<sup>2</sup> LEED (Leadership in Energy and Environmental Design) is the most widely used green building rating system, which provides for a framework that can be used to create healthy, highly efficient and cost-savings green buildings

<sup>3</sup> BREEAM (Building Research Establishment Environmental Assessment Method) is a leading sustainability assessment method for amongst others infrastructure and buildings whereby it assesses and certifies an asset's environmental, social and economic sustainability performance.

<sup>4</sup> EPBD is the Energy Performance of Buildings Directive, which is an European directive to enforce measurement of energy performance of buildings

<sup>5</sup> Schiphol provides for so-called fixed electrical ground power and pre-conditioned air units (in Dutch: Walstroomb) whereby airplanes can dock to these facilities for electricity to perform cleaning and maintenance activities and support climate control, which prevents the use of kerosene or diesel-powered generators to perform these activities

### **2.3 Process for Project Evaluation and Selection**

Projects financed and/or refinanced through the Green Bond proceeds are evaluated and selected based on compliance with the Eligibility Criteria by the 'Schiphol Sustainability Committee' formed by members of Corporate Treasury, Corporate Development (where Corporate Sustainability is vested) and other parties to be nominated as subject matter experts.

This committee works on the basis of a detailed process from project identification, thorough project evaluation until project validation (to include or exclude from the portfolio of Eligible Projects). The committee will evaluate to what extent core minimum environmental, social and governance (ESG) requirements, as well as those clear criteria set out in the 'use of proceeds' section, are incorporated and acted upon in the project design and subsequent process. Based on a thorough analysis and interaction with the responsible project teams, the committee is able to ensure whether the project can be classified as an Eligible Project.

Schiphol's Corporate Treasury department will allocate the proceeds of the Green Bond to the selected portfolio of Eligible Projects in accordance with the eligible category section described above. Schiphol also applies risk management measures in its capital allocation decisions which are supported by a company-wide planning, reporting and controlling system.

Schiphol's sustainability strategy can be found via <https://www.schiphol.nl/en/schiphol-group/page/a-sustainable-future/>

### **2.4 Management of Proceeds**

Schiphol intends to allocate the proceeds from the Green Bonds to an Eligible Green Project Portfolio, selected in accordance with the use of proceeds criteria and evaluation and selection process presented above. These projects can be new built, existing projects but can also include refurbishments.

To ensure proceeds are allocated in accordance to the Green Bond Framework, the Schiphol Sustainability Committee will track investments in Eligible Projects.

Schiphol will strive, over time, to achieve a level of allocation for the Eligible Green Project Portfolio which matches or exceeds the balance of net proceeds from its outstanding Green Bonds. Additional Eligible Green Projects will be added to the Issuer's Eligible Green Project Portfolio to the extent required to ensure that the net proceeds from outstanding Green Bonds will be allocated to Eligible Green Projects.

Whilst any Green Bond net proceeds remain unallocated, Schiphol will hold and/or invest, at its own discretion, in its treasury liquidity portfolio, in cash or other short term and liquid instruments, the balance of net proceeds not yet allocated to the Eligible Green Project Portfolio.

### **2.5 Reporting**

The Green Bond Principles require Green Bond issuers to provide information on the allocation of proceeds. In addition to the information to which projects Green Bond proceeds have been allocated, the Green Bond Principles recommend communicating on the expected impact of the projects.

Schiphol will make and keep readily available reporting on the allocation of net proceeds to the Eligible Green Project Portfolio and wherever feasible reporting on the impact of the Eligible Green Project Portfolio, at least at the category level, after a year from the issuance of the applicable Green Bonds to be renewed annually until full allocation of the Green Bond net proceeds or following any material events.

Schiphol intends to provide aggregated reporting for all of Schiphol's Green Bonds and other potential green financings outstanding.

Schiphol will align, on a best effort basis, the reporting with the portfolio approach described in "Green Bonds - working towards a Harmonized Framework for Impact Reporting (December 2015)".

### **Allocation Reporting**

To the extent feasible, the allocation report will provide:

- The total amount of investments and expenditures in the Eligible Green Project Portfolio;
- The number of new and existing investments and/or projects (financing and refinancing);
- The balance of unallocated proceeds; and
- Levels of certification of the buildings.

### **Impact Reporting**

Where feasible, Schiphol may report on the environmental and social impacts of the projects funded with the Green Bond proceeds, or refer to existing sustainability and CSR reporting, such as our integrated annual report which includes information on sustainability. A list of potential indicators is included in the Appendix.



## 3 External Review

### 3.1 Second Party Opinion (pre-issuance)

This Schiphol Green Bond Framework has been reviewed by Vigeo Eiris and Standard & Poor's (S&P) who have issued a Second Party Opinion and Green Evaluation respectively. The Second Party Opinion, Green Evaluation as well as the Green Bond Framework will be made available to the Green Bond investors on <https://www.schiphol.nl/en/schiphol-group/page/investor-relations/>.

### 3.2 Climate Bonds Initiative (pre-issuance and post-issuance)

The potential green bond issue has been certified by the Climate Bonds Initiative (CBI), which is an investor-focused not-for-profit organization, promoting large-scale investments in the low-carbon economy. Schiphol has engaged a CBI approved verifier to perform the pre-issuance engagement in order to realize CBI certification. Schiphol will also engage a verifier for the post-issuance CBI certification process. The CBI verification will be made available to the Green Bond Investors on: <https://www.schiphol.nl/en/schiphol-group/page/investor-relations/>.

### 3.3 Verification (post-issuance)

Schiphol intends to request, one year after issuance or after full allocation or following any material events, a verification by its external auditor of a management statement on the allocation of the Green Bond proceeds to the Eligible Green Project Portfolio.

## 4 APPENDIX: Eligible investments per category

The list of sample eligible investments, expenditures and/or projects and initially estimated potential allocations of the Green Bond issuance

GBP	Eligible project types	Potential impact indicators
<b>Green buildings</b>	<ul style="list-style-type: none"> <li>- New, existing and refurbished buildings which have one or more relevant energy certifications / classifications</li> <li>- Individual investments in environmental improvements</li> </ul> <p><i>Note: As far as practicable proven circular design and for use of circular materials for new-built and refurbished buildings</i></p>	<ul style="list-style-type: none"> <li>- Annual CO2 emission reduction</li> <li>- Overview of sustainable labels and certificates for eligible buildings</li> <li>- Annual energy savings</li> <li>- Number of circular buildings and overview of circular products used</li> </ul>
<b>Clean transportation</b>	<ul style="list-style-type: none"> <li>i) Fixed electrical ground power and pre-conditioned air units</li> <li>ii) zero emission equipment for remote handling and electric taxiing</li> <li>iii) Electric transportation (such as buses, cars, trains) and related infrastructure</li> <li>iv) Charging stations for buses, cars and airplanes</li> <li>v) Investments to further improve access to public transportation</li> <li>vi) Bio-fuel facilities</li> </ul>	<ul style="list-style-type: none"> <li>- Annual CO2 emission reduction</li> <li>- Number of ground power and air units</li> <li>- Overview of zero emission equipment for remote handling and electronic taxiing</li> <li>- Number of electric vehicles</li> <li>- Number of charging points</li> <li>- Number of biofuel facilities, liters of biofuel produced</li> </ul>

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