



Version: March 2020
Publication date: April 1st 2020

Royal Schiphol Group

Green Finance Framework



Table of contents

1	Creating the world's most sustainable, high quality airports	3
2	Basis of this Green Finance Framework	5
2.1	Green Bond and Loan Principles	5
2.2	Use of Proceeds	5
2.3	Process for Project Evaluation and Selection	8
2.4	Management of Proceeds	8
2.5	Reporting	8
3	External Review	10
3.1	Second Party Opinion (pre-issuance)	10
3.2	Verification (post-issuance)	10

1 Creating the world's most sustainable, high quality airports

Royal Schiphol Group ('Schiphol') plays an important socio-economic role in the Dutch economy, committed to creating value for society and for the economy. *Connecting your world* embodies the 'Why' of Royal Schiphol Group and we aspire to do this 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 CO₂ 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 CO₂ 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 legislation and agreements, objectives and participate in various initiatives, some of which are outlined below:

- External initiatives that we commit to: the Paris Agreement, IPCC 2018 targets, ICAO Assembly Resolutions for Aviation, NDC's (nationally determined climate contributions of EU and Dutch government), the Sustainable Development Goals (SDG's), the Buckingham Palace agreement to prevent wildlife trafficking and the Single European Sky (SES) initiative to optimise airspace capacity resulting in shortened flight routes, lowering fuel consumption and reducing CO₂ emissions.
- Sustainable aviation, energy positive and circular economy initiatives in which we actively participate: The Dutch aviation sector wide 'Smart and Sustainable' action plan, the Dutch draft agreement for sustainable aviation, founding partner of Mission Possible platform at World Economic Forum, active at MVO Nederland, co-initiator of net-zero carbon 2050 resolution ACI Europe, working with partners on initiatives such as KLM's Corporate biofuel programme and working with large variety of partners (such as Amsterdam Economic Board) to become a zero waste airport. We also facilitate new developments and research on Sustainable Aviation Fuels, e.g. Investment to enable preparations for a sustainable aviation fuel (based on wasted streams) plant in Delfzijl and research for sustainable aviation fuel based on direct air capture t Rotterdam The Hague Airport.
- Community initiatives: working with local communities and experts to improve noise and air quality. A noise reduction plan and an ultra-fine particle plan to mitigate negative impact on neighboring communities have been prepared. Furthermore, we are founding and funding partner of Luchtvaart Community Schiphol and Sectorfonds Luchtvaart that aim to ensure sustainable employment (education, employability and mobility);

The benefits of air travel continue to be scrutinised, in particular when compared with 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

Royal Schiphol Group's Vision 2050 is to create the world's most sustainable, high-quality airports, setting a new and aspirational goal for our organisation and the wider Dutch aviation industry. Our Vision is based on the fundamental 'qualities' we offer as a group: Quality of Network, Quality of Life and Quality of Service. We are looking for a balance between the further strengthening of the Quality of our Network, improving the Quality of Life - both locally and globally - and enhancing the Quality of Service. Safety and a Robust organisation are the key enablers that support the three Qualities.

We aim to lead by example when it comes to sustainability in the aviation sector and have four priorities within Quality of Life:

- 1) Zero-waste airports 2030 towards circular in 2050
- 2) Zero emissions airports by 2030 towards energy positive in 2050
- 3) Emissions of international aviation in 2030 reduced to 2005 level towards net-zero carbon aviation in 2050
- 4) Improved balance between communities and airports in 2030 and towards pleasant living and working environment around airports in 2050

We use the SDGs¹ (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

- 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.
- 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 further 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 objectives regarding a sustainable 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.
- We work with local communities and experts to minimize noise and improve air quality. To mitigate negative impact on neighboring communities, we have prepared a noise reduction plan and an ultra-fine particle plan.
- 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

¹ Introduced in 2015 by the United Nations, the UN Sustainable Development Goals (SDGs) relate to the 17 most important challenges facing the world towards 2030. In 2016, Schiphol identified six goals to actively support and contribute to over the following two decades.

Europe's Eco-innovation award in 2018, an award for airports that perform strongly and innovatively, in the sphere of sustainability²

Green Finance Instruments by Schiphol

In order to strengthen our ambition to create the most sustainable, high quality airports in the world Schiphol has decided to raise financing through Green Finance Instruments. Schiphol aims to allocate the funds of the Green Finance Instruments 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

2 Basis of this Green Finance Framework

Royal Schiphol Group N.V. and/or its 100% subsidiary Schiphol Nederland B.V. (hereinafter 'Schiphol') may from time to time issue Green Finance Instruments in line with this Green Finance Framework. Green Finance Instruments may include, but is not limited to, bonds, including private placements, and loans, to finance and/or refinance assets within the Green Eligible Categories.

2.1 ICMA Green Bond and LMA Green Loan Principles

The Schiphol Green Finance Framework follows the ICMA Green Bond Principles (GBP) 2018 edition³ and the LMA Green Loan Principles (GLP) 2018 edition⁴. 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 and GLP provides for guidelines in four key areas:

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

The Schiphol Green Finance Framework also follows the recommendations of the ICMA Green Bond Principles / LMA Green Loan Principles regarding "External Review".

2.2 Use of Proceeds

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

Schiphol, at its discretion but in accordance with the ICMA Green Bond Principles and LMA Green Loan Principles, will allocate the net proceeds of the Green Finance Instruments issued under this framework

² <https://www.schiphol.nl/en/schiphol-group/news/international-appreciation-for-schiphols-sustainability-efforts/>

³ <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

⁴ https://www.lma.eu.com/application/files/9115/4452/5458/741_LM_Green_Loan_Principles_Booklet_V8.pdf

to an Eligible Project Portfolio of new and existing Eligible Projects, (as defined below), within the following project categories:

- Green Buildings
- Clean transportation

A. Green buildings

Use of Proceeds: new or existing investments in, or expenditures on, properties that 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. LEED⁵: Platinum, Gold
 - b. BREEAM⁶: Outstanding, Excellent, Very Good
 - c. EPBD⁷: 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 renovations 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 preconditioned air units⁸, 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 facilitate the development of sustainable aviation fuel facilities and investments to further improve access to public transportation.





⁵ 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

⁶ BREAAM (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.

⁷ EPBD is the Energy Performance of Buildings Directive, which is an European directive to enforce measurement of energy performance of buildings. Please note that the EPBD requires all new buildings from 2021 to be nearly zero-energy buildings (NZEB).

⁸ Schiphol provides for so-called fixed electrical ground power and pre-conditioned air units (in Dutch: Walstroombank) 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

Schiphol Green Finance Framework's alignment with internal initiatives and external best practices

GBP / GLP Categories	Contribution to UN SDG	SDG Target description	Alignment with internal initiatives	Alignment with EU Environmental Objectives ⁹
Green Buildings	Industry, innovation and infrastructure 	9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all 9.4 Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.	Investments in sustainable infrastructure and buildings (with sustainability certifications)	Environmental Objective (1): Climate Change Mitigation Substantial contribution to Climate Change Mitigation (1.b): Improving energy efficiency in all sectors, except energy generation using solid fossil fuels, and at all stages of the energy chain, in order to reduce primary and final energy consumption
	Sustainable cities and communities 	11.6 By 2030, reduce the adverse per-capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.	Investments in making operations more sustainable and invests in reducing nuisance for residents and employees	
	Responsible consumption and production 	12.2 By 2030, achieve sustainable management and efficient use of natural resources.	Clear ambition to become a zero waste airport by increasingly integrating circular principles (also in tender procedures) and separating waste	
Clean Transportation	Industry, innovation and infrastructure 	9.4 Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.	Promoting clean mobility	Environmental Objective (1): Climate Change Mitigation Substantial contribution to Climate Change mitigation (1.c): Increasing clean or climate-neutral mobility

⁹ Regulation of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52018PC0353>

2.3 Process for Project Evaluation and Selection

Projects financed and/or refinanced through the Green Finance Instrument 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 Finance Instrument 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. An example of this is that for our new building activities we aim to achieve the highest BREAAAM and LEED standards, in which factors such as circularity, biodiversity and water efficiency are also included.

Schiphol’s sustainability strategy can be found via <https://www.schiphol.nl/sustainability>

2.4 Management of Proceeds

Schiphol intends to allocate the proceeds from the Green Finance Instrument 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 Finance 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 Finance Instruments. 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 Finance instruments will be allocated to Eligible Green Projects.

Whilst any Green Finance 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 and Loan Principles require Green Finance Instrument issuers to provide information on the allocation of proceeds. In addition to the information to which projects Green Finance Instrument proceeds have been allocated, the Green Bond and Loan 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 Finance

Instrument to be renewed annually until full allocation of the Green Finance Instrument net proceeds or following any material events.

Schiphol intends to provide aggregated reporting for all of Schiphol’s Green Finance Instruments.

Schiphol will align, on a best effort basis, the reporting with the portfolio approach described in "Handbook – Harmonized Framework for Impact Reporting (June 2019)¹⁰".

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;
- The geographical distribution of the assets (at country level).

Impact Reporting

Where feasible, Schiphol may report on the environmental and social impacts of the projects funded with the Green Finance Instrument net proceeds, or refer to existing sustainability and CSR reporting, such as our integrated annual report which includes information on sustainability. The impact report may provide:

- A short description of the Eligible Green Projects;
- Metrics regarding projects’ environmental impacts as described below:

GBP / GLP Green Eligible Category	Potential impact indicators
Green buildings	<ul style="list-style-type: none"> - Annual CO₂ emission reduction - Overview of sustainable labels and certificates for eligible buildings - Annual energy savings - Number of circular buildings and overview of circular products used
Clean transportation	<ul style="list-style-type: none"> - Annual CO₂ emission reduction - Number of fixed electric ground power units and pre-conditioned air units - Overview of zero emission equipment for remote handling and electronic taxiing - Number of electric vehicles - Number of charging points - Number of sustainable aviation fuel plants , liters of sustainable aviation fuel produced

¹⁰ <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2019/Handbook-Harmonized-Framework-for-Impact-Reporting-WEB-100619.pdf>

3 External Review

3.1 Second Party Opinion (pre-issuance)

This Schiphol Green Finance 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 Finance Framework will be made available to the Green Finance investors on <https://www.schiphol.nl/en/schiphol-group/page/green-bond-framework/>.

3.2 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 Finance proceeds to the Eligible Green Project Portfolio.

Disclaimer

THIS DOCUMENT IS INTENDED TO PROVIDE NON-EXHAUSTIVE, GENERAL INFORMATION. THIS DOCUMENT MAY CONTAIN OR INCORPORATE BY REFERENCE PUBLIC INFORMATION NOT SEPARATELY REVIEWED, APPROVED OR ENDORSED BY SCHIPHOL AND ACCORDINGLY, NO REPRESENTATION, WARRANTY OR UNDERTAKING, EXPRESS OR IMPLIED, IS MADE AND NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY SCHIPHOL AS TO THE FAIRNESS, ACCURACY, REASONABLENESS OR COMPLETENESS OF SUCH INFORMATION.

THIS DOCUMENT MAY CONTAIN STATEMENTS ABOUT FUTURE EVENTS AND EXPECTATIONS THAT ARE FORWARD LOOKING STATEMENTS. NONE OF THE FUTURE PROJECTIONS, EXPECTATIONS, ESTIMATES OR PROSPECTS IN THIS DOCUMENT SHOULD BE TAKEN AS FORECASTS OR PROMISES NOR SHOULD THEY BE TAKEN AS IMPLYING ANY INDICATION, ASSURANCE OR GUARANTEE THAT THE ASSUMPTIONS ON WHICH SUCH FUTURE PROJECTIONS, EXPECTATIONS, ESTIMATES OR PROSPECTS HAVE BEEN PREPARED ARE CORRECT OR EXHAUSTIVE OR, IN THE CASE OF THE ASSUMPTIONS, FULLY STATED IN THE DOCUMENT. SCHIPHOL HAS AND UNDERTAKES NO OBLIGATION TO UPDATE, MODIFY OR AMEND THIS DOCUMENT, THE STATEMENTS CONTAINED HEREIN TO REFLECT ACTUAL CHANGES IN ASSUMPTIONS OR CHANGES IN FACTORS AFFECTING THESE STATEMENTS OR TO OTHERWISE NOTIFY ANY ADDRESSEE IF ANY INFORMATION, OPINION, PROJECTION, FORECAST OR ESTIMATE SET FORTH HEREIN CHANGES OR SUBSEQUENTLY BECOMES INACCURATE.

THIS DOCUMENT IS NOT INTENDED TO BE AND SHOULD NOT BE CONSTRUED AS PROVIDING LEGAL OR FINANCIAL ADVICE. IT DOES NOT CONSTITUTE AN OFFER OR INVITATION TO SELL OR ANY SOLICITATION OF ANY OFFER TO SUBSCRIBE FOR OR PURCHASE OR A RECOMMENDATION REGARDING ANY SECURITIES, NOTHING CONTAINED HEREIN SHALL FORM THE BASIS OF ANY CONTRACT OR COMMITMENT WHATSOEVER AND IT HAS NOT BEEN APPROVED BY ANY SECURITY REGULATORY AUTHORITY.

THE DISTRIBUTION OF THIS DOCUMENT AND OF THE INFORMATION IT CONTAINS MAY BE SUBJECT OF LEGAL RESTRICTIONS IN SOME COUNTRIES. PERSONS WHO MIGHT COME INTO POSSESSION OF IT MUST INQUIRE AS TO THE EXISTENCE OF SUCH RESTRICTIONS AND COMPLY WITH THEM.

THE ADDRESSEE IS SOLELY LIABLE FOR ANY USE OF THE INFORMATION CONTAINED HEREIN AND SCHIPHOL SHALL NOT BE HELD RESPONSIBLE FOR ANY DAMAGES, DIRECT, INDIRECT OR OTHERWISE, ARISING FROM THE USE OF THIS DOCUMENT BY THE ADDRESSEE.

