

4 September 2019

# Green Bond Progress Report 2019 H1

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# Green bond progress reporting



Issuer | *Royal Schiphol Group N.V.*  
Issue date | *November 5, 2018*  
Currency | *EUR*  
Tenor | *12 year*  
Issued amount | *500.000.000*  
ISIN: *XS1900101046* |

Royal Schiphol Group's mission is to connect the Netherlands to the rest of the world as effectively as possible. Our aim is to operate the most sustainable airports in the world. In cooperation with the industry, we are committed to promoting cleaner and quieter aircraft, new and sustainable fuels, and better flight routes and procedures. To lead by example, we work to drive sustainability across our own operations. By 2030 we want to operate Zero-emission and Zero-waste airports. In light of this we issued our first green bond in 2018 with a value of 500.000.000 Euros, to invest in green buildings and clean transportation at our airports. Schiphol is the first European airport, and one of the first worldwide, to issue a green bond. Therefore, the issue of the green bond highlights our ambitions regarding sustainability.

## 1.1 About this report

This document comprises our green bond progress report in which we shed light on the allocation of the green bond proceeds and the impact achieved. We aim to report on our progress each year and expect to include the next update in our integrated annual report 2019.

## 1.2 Becoming the most sustainable airport operator in the world

Royal Schiphol Group (RSG) cares for the well-being of people: its employees, neighbours, passengers, business partners, and future generations. Realizing a sustainable aviation sector is a key priority for RSG. In a world where demand for connectivity will grow, RSG wants to balance the aviation demand and quality of network with quality of life responsibly. We see this both as our responsibility towards society and future generations as well as a prerequisite for aviation's license to grow.

RSG aims to lead by example when it comes to sustainability in the aviation sector. The ambition of the Group is to operate the most sustainable airports in the world. It focuses on four key priorities:

1. Supporting communities
2. Sustainable aviation
3. Energy-positive
4. Circular economy

RSG is striving to be operating completely circular and energy-positive airports by 2050. The first milestones in reaching this ambition are to operate zero-waste and zero-emissions airports by 2030.

In order to enable the aforementioned targets we have defined a portfolio of Eligible Projects, comprising the following project categories for our green bond:

- Green Buildings
- Clean transportation

Green buildings	# <sup>1</sup>
Number buildings with A label <sup>2</sup>	13
Number buildings with B label <sup>3</sup>	4
Number of buildings with BREEAM (either in use very good, excellent or outstanding)	6 <sup>4</sup>
Number of LEED Gold	2 <sup>5</sup>

Clean transportation	# <sup>6</sup>
Number of Electric busses airside	35
Number of charging stations airside e-vehicles	289
Number of charging stations landside e-vehicles (other than e-busses landside)	300

### Sustainable developments goals

Introduced in 2015 by the United Nations, the UN Sustainable Development Goals (SDGs) relate to the 17 most important opportunities and challenges facing the world towards 2030. RSG supports several SDG's throughout its business doing and in particular in the context of the green bond the below mentioned goals are supported:

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



<sup>1</sup> Figures as per 30 April 2019

<sup>2</sup> Of which one building that has been refurbished, resulting in at least two steps improvement in energy label up to EPBD label A.

<sup>3</sup> Eligible under the green bond framework as this concerns refurbished buildings with at least two steps improvement in energy label up to at least EPBD label B.

<sup>4</sup> Of which one building is currently under construction.

<sup>5</sup> Concerns buildings that are currently under construction.

<sup>6</sup> Figures as per Q1 2019.

### 1.3 Our Sustainability Commitment in practice - Highlights first half of 2019

Some of the highlights of the progress achieved as per the first half of 2019 are provided below:

- As part of the 'Smart and Sustainable' action plan, defined by the broader Dutch aviation sector in order to make aviation more sustainable, a draft agreement for sustainable aviation has been developed. Two goals that have been established in this regard are that all ground operations in the aviation sector must be zero emission by 2030 and that national aviation is zero emission by 2050. RSG encourages sector wide efforts as the aviation industry is a highly intertwined sector and working together is important in order to catalyse a more sustainable future.
- For the sixth year in a row, Amsterdam Airport Schiphol and Eindhoven Airport achieved the highest attainable level in the CO<sub>2</sub> benchmark of the Airports Council International (ACI) industry organisation. The airports received the certificate for CO<sub>2</sub> neutrality as a result of their efforts in managing, reducing and compensating all its own CO<sub>2</sub> emissions at the airport. Amsterdam Airport Schiphol and Eindhoven Airport been awarded level 3+ in the ACI Airport Carbon Accreditation benchmark, which is the highest level. By means of this benchmark, ACI provides insight into how and to which extent airports worldwide are reducing their CO<sub>2</sub> emissions.
- A key example of our efforts in making our operations more energy efficient is the recent upgrade of one of our oldest piers, F-Pier, from an 'F' to an 'A' energy label.
- The G-pier is equipped with an Aquifer thermal energy storage (ATES<sup>7</sup>), which is expected to lower the pier's CO<sub>2</sub> emissions by approximately 84%.
- The D- and E-pier are currently undergoing renovation and upgrade works in order to make them more sustainable.
- Upgrade works on terminal 3 are almost finalized and have to date resulted in a 40% CO<sub>2</sub> reduction and is expected to result in a final CO<sub>2</sub> reduction of over 70%.
- BASE D: The construction of the BASE D office building is well underway, in which the requirements to ensure a green building are closely monitored and we are set to achieve BREEAM Excellent.
- RSG received the TMI (Treasury Management International) award for 'most sustainable finance solution' regarding the issue of this green bond.

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<sup>7</sup> ATES is the storage and recovery of thermal energy in the subsurface. ATES is applied to provide heating and cooling to buildings

## 1.4 Green bond allocation reporting \*

Portfolio date: April 30, 2019

Eligible Green Project Portfolio		Green funding				
Category	Amount (EUR) <sup>8</sup>	Instrument	Issuance date	Due date	Principal	Amount (EUR)
Green buildings	1.232.884.327	XS1900101046	5 November 2018	5 November 2030	EUR 500m	500.000.000
Clean transportation	16.037.495					
Electric busses - airside	8.931.581					
Other <sup>9</sup>	7.105.914					
<b>Total eligible Green Project Portfolio</b>	<b>1.248.921.822</b>	<b>Total Green Funding</b>				<b>500.000.000</b>

Percentage of Eligible Green loan Portfolio Allocated (usage)	40%
Percentage of Net Proceeds of Green Funding allocated to Eligible Green Loan Portfolio	100%
Eligible Green Loan Portfolio – Unallocated	EUR 748.921.822
Expected eligible green buildings currently under construction <sup>10</sup>	EUR 144.153.298

<sup>8</sup> Concerns the book value as per April 30, 2019 and is either the fair value (investment property) or cost price minus depreciation (operating assets).

<sup>9</sup> Comprises charging stations for airside e-vehicles (other than airside e-busses), charging stations for landside e-vehicles (other than landside e-busses) and energy infrastructure for the charging stations for landside e-busses

<sup>10</sup> Please note that our current buildings under construction, will be categorized as green building upon finalisation

\* This section is within the scope of the KPMG assurance engagement.

## 1.5 Impact reporting \*\*

Year: 2018

### Green Buildings

Eligible project category	Eligible portfolio (EUR)	Share of total financing	Percentage of refinancing	Total annual energy (GJ) savings <sup>11</sup>	Total annual electricity (kWh) avoidance <sup>11</sup>	Total annual gas (m3) avoidance <sup>11</sup>	Total annual CO <sub>2</sub> (tonnes) avoidance <sup>11</sup>	Total annual electricity production (kWh) <sup>11</sup>
a	b	c	d	e	f	g	h	i
Green buildings	1.232.884.327 <sup>12</sup>	98,7% <sup>13</sup>	100%	61.952	5.258.123	462.197	3.553	107.681

a) Category of eligible project

b) Portfolio components eligible for Green Bond financing

c) Share of the total portfolio cost that is Green Bond eligible

d) Percentage of amount that has been refinanced

e) Impact indicator: Annual energy savings, see appendix 1 for definition and methodology

f) Impact indicator: Annual electricity avoidance, see appendix 1 for definition and methodology

g) Impact indicator: Annual gas emission avoidance, see appendix 1 for definition and methodology

h) Impact indicator: Annual CO<sub>2</sub> avoidance, see appendix 1 for definition and methodology

i) Impact indicator: Annual electricity production, see appendix 1 for definition and methodology

<sup>11</sup> Total figures over 2018.

<sup>12</sup> Please note that our current buildings under construction, with a current book value of €144.153.298, will be categorized as green building upon finalisation.

<sup>13</sup> The remaining 1,3% applies to clean transportation for which no specific impact indicator is currently available.

\*\* This section is not within the scope of the KPMG assurance engagement.





## Assurance report of the independent auditor

To the Executive Board of Royal Schiphol Group N.V. and the holders of Green Bonds issued by Royal Schiphol Group N.V.

### Our conclusion

We have reviewed the Eligible Green Project Portfolio (hereafter 'Eligible Green Project Portfolio') as included in section 1.4 'Green bond allocation reporting' of the Schiphol Group Green Bond Progress Report (hereafter 'the Report'), dated 4 September 2019 of Schiphol Group N.V. (hereafter 'Schiphol') based in Haarlemmermeer. The Eligible Green Project Portfolio is marked in the Report with an asterisk (\*).

Based on our procedures performed, nothing has come to our attention that causes us to believe that the Eligible Green Project Portfolio are not, in all material respects, prepared in accordance with the Eligible investments per category as described in the Royal Schiphol Group Green Bond Framework 2018 (hereafter 'the Schiphol Green Bond Framework').

### Basis for our conclusion

We have performed our review on the Report in accordance with Dutch law, including Dutch Standard 3000A 'Assurance-opdrachten anders dan opdrachten tot controle of beoordeling van historische financiële informatie (attest-opdrachten)' (Assurance engagements other than audits or reviews of historical financial information (attestation engagements)). Our review is aimed to obtain limited assurance. Our responsibilities under this standard are further described in the section 'Our responsibilities for the assurance engagement on the Eligible Green Project Portfolio' of our report.

We are independent of Schiphol Group N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### Eligibility Criteria

The Eligible Green Project Portfolio need to be read and understood together with the Eligibility Criteria. Schiphol is solely responsible for selecting and applying these Eligibility Criteria, taking into account applicable law and regulations related to reporting.

The Eligibility Criteria used for the preparation of the Eligible Green Project Portfolio are the Eligible investments per category as described in the Schiphol Green Bond Framework. The Schiphol Green Bond



Framework is available online on <https://www.schiphol.nl/en/schiphol-group/page/green-bond-framework/>. The Eligibility Criteria are also described in Appendix 1 of the Report.

### **Matters related to the scope of our review**

The Schiphol Group Green Bond Progress Report (hereafter ‘the Report’) contains other information besides the Eligible Green Project Portfolio as included in section 1.4 ‘Green bond allocation reporting’. Our review did not extend to the other information and we do not provide assurance on the other information as included in the Report.

### **Responsibilities of the Executive Board for the Eligible Green Project Portfolio**

The Executive Board of Schiphol is responsible for the preparation of the Report including the Eligible Green Project Portfolio in accordance with the Eligibility Criteria as described in the Schiphol Green Bond Framework. It is important to view the Eligible Green Project Portfolio in the context of these Eligibility Criteria.

The Executive Board is also responsible for such internal control as it determines is necessary to enable the preparation of the Report including the Eligible Project Loan Portfolio is free from material misstatements, whether due to fraud or error.

### **Our responsibilities for the review of the Eligible Green Project Portfolio**

Our objective is to plan and perform the review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

Procedures performed to obtain a limited level of assurance are aimed at determining the plausibility of information and vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. The level of assurance obtained in review engagements with a limited level of assurance is therefore substantially less than the assurance obtained in audit engagements.

Misstatements can arise from fraud or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the Eligible Green Project Portfolio. The materiality affects the nature, timing and extent of our review procedures and the evaluation of the effect of identified misstatements on our conclusion.

We apply the ‘Nadere voorschriften kwaliteitssystemen’ (NVKS, Regulations on quality management systems) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have exercised professional judgement and have maintained professional scepticism throughout the review, in accordance with the Dutch Standard 3000A, ethical requirements and independence requirements.

Our review included amongst others, the following procedures:

- Identifying areas of the Eligible Green Project Portfolio where a material misstatement, whether due to fraud or error, are most likely to occur, designing and performing assurance procedures responsive to these areas, and obtaining assurance information that is sufficient and appropriate to provide a basis for our conclusion.
- Reviewing the second opinion from Vigeo Eiris which addresses the applicability of the Eligibility Criteria used in the preparation of the Eligible Green Project Portfolio in the Report.

- Reviewing the Green Evaluation from Standard & Poor's (S&P) which addresses the applicability of the Eligibility Criteria used in the preparation of the Eligible Green Project Portfolio in the Report.
- Reviewing the application of the Eligibility Criteria used in the preparation of the Eligible Green Project Portfolio in the Report.
- Considering the internal control relevant to our review in order to select assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing a conclusion on the effectiveness of the company's internal control.
- Interviewing relevant staff at Schiphol Corporate Treasury and Schiphol Real Estate responsible for the Green Bond management, reporting, and providing and consolidating the Eligible Green Project Portfolio.
- Evaluating internal and external documentation, based on limited sampling, to determine whether the information in the Eligible Green Project Portfolio is plausible in line with the Eligibility Criteria.

#### **Restriction on use of our assurance report**

The objective of our assurance report is to provide limited assurance on whether the Eligible Green Project Portfolio has been prepared in accordance with the Eligibility Criteria as described in the Schiphol Green Bond Framework. Our assurance report may not be suitable for others than the Executive Board of Schiphol Group N.V. and the holders of Green Bonds and may not be suitable for other purposes. Therefore our assurance report is intended solely for the Executive Board of Schiphol Group N.V. and the holders of Green Bonds and should not be used by other parties and/or used for other purposes.

Amsterdam, 4 September 2019

KPMG Sustainability  
Part of KPMG Advisory N.V.

D.A.C.A.J. Landesz Campen RA  
Partner

# Appendix 1: Methodology and assumptions

## Methodology and assumptions for the eligible asset base

As described in our Green Bond Framework, the following projects apply as eligible projects;

### 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:
  - LEED<sup>14</sup>: Platinum, Gold
  - BREEAM<sup>15</sup>: Outstanding, Excellent, Very Good
  - EPBD<sup>16</sup>: A
  - 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

The abovementioned criteria have been applied and additionally the following choices were made in the selection of eligible assets:

- The asset base as per April 30, 2019 was used.
- A conservative approach has been applied in determining the book value of the eligible asset base, in order to ensure that those assets that are covered by the energy labels are included as asset.
- For buildings currently under construction, the current value on the balance sheet is provided under 'expected eligible green buildings currently under construction'. This means that only the value of the part that was built as per April 30 2019, has been shown. This is the case for Pier A, Terminal Lelystad and the Base D.
- No individual investments in green buildings have been included as eligible assets.

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<sup>14</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>15</sup> 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.

<sup>16</sup> EPBD is the Energy Performance of Buildings Directive, which is an European directive to enforce measurement of energy performance of buildings

## B. Clean transportation

Use of Proceeds: new or existing investments in fixed electrical ground power and pre-conditioned air units, 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 taxis and consumer cars, equipment for electric taxiing, investments to further improve access to public transportation and bio-kerosene facilities.

The abovementioned criteria have been applied and additionally the following choices were made in the selection of eligible assets:

- The asset base as per April 30, 2019 was used.
- The following two categories have been identified:
  - Electric busses airside
  - Other
- *Electric busses airside*; This category comprises airside e-busses and related airside infrastructure, including charging stations. Important to note here is that the landside e-busses and landside charging stations for busses are owned by a third party and are therefore not included in the portfolio of eligible assets.
- *Other*; This category includes the following:
  1. airside e-vehicle charging stations (for ground handling and other equipment, but not for airside e-busses)
  2. landside e-vehicle charging stations (mostly in consumer car parks, but not for landside e-busses). Please note that landside e-vehicle charging stations in Schiphol Real Estate buildings are capitalized as part of the building and included in its market value. Therefore they are not part of this category.
- Some infrastructure for landside e-busses charging stations (not the charging stations itself) belongs to RSG and is included as eligible asset under this category.
- The only e-vehicles owned by RSG are the airside e-busses. All other e-vehicles are leased and not included in the asset base.
- The aquifer thermal energy storages (ATES) are not separately included as they are often included in the value of buildings.

## Methodology and assumptions for the impact indicators

For the impact indicators *total annual energy (GJ) savings*, *total annual electricity (kWh) avoidance*, *total annual gas (m<sup>3</sup>) avoidance* and *total annual electricity production (kWh)* the following methodology and assumptions apply:

- The reported values concern 2018.
- The savings and avoidances reported are consistent with the values reported for the obligation under the MJA agreement from the Netherlands Enterprise agency. The Netherlands Enterprise agency is a government agency which operates under the auspices of the Ministry of Economic Affairs and Climate Policy. Under the MJA agreement Schiphol has to report on the measures it has taken to improve energy efficiency and the associated savings and avoidances. The savings and avoidances have to be reported each year to Netherlands Enterprise agency and are externally validated by an external party on behalf of Netherlands Enterprise agency.
- For the CO<sub>2</sub> calculation of electricity (kwh) and gas (m<sup>3</sup>) the relevant the emission factors from respectively [www.co2emissiefactoren.nl](http://www.co2emissiefactoren.nl) and the staatscourant have been applied, which are retrieved once a year.
- A conservative approach regarding the assumptions underlying the savings and avoidances of office buildings is applied.

- The installation of several aquifer thermal energy storages (ATES) in buildings has led to the production of heat in several buildings. For the indicator *total annual electricity production (kWh)*, we have included the electricity generated for heat. These values have also been calculated in line with the MJA methodology.

