

PRE-ISSUANCE VERIFICATION REPORT (LIMITED ASSURANCE ENGAGEMENT)

By VIGEO EIRIS
For Royal Schiphol Group's 2018 first Green Bond issuance
Pre-issuance verification based on Climate Bond Standards version 2.1

SCOPE

Royal Schiphol Group (the "Issuer" or the "Group"), is considering the issuance of its first 2018 Green Bond (or "Bond") and intends to use the proceeds to (re)finance the acquisition of low carbon emissions vehicles, and related infrastructure, and the construction of new, existing and refurbished low carbon buildings.

Royal Schiphol Group (hereafter the "Issuer" or "RSG" or "Schiphol") is a Dutch airport operating company, which operates, amongst others, Amsterdam Airport Schiphol as well as a large portfolio of commercial real estate at around the airport premises. The Schiphol airport, with 2,100 employees, stands as the third biggest airport in terms of market share in Europe, with a total annual traffic of over 68 million passengers and 496,000 air transport movements in 2017.

In this context, Vigeo Eiris (the "Verifier") has been commissioned by Royal Schiphol Group, as stated in the engagement contract, to perform the Pre-Issuance Verification of this Bond, as independent third-party provider approved by the Climate Bonds Standards Board.

We have conducted our verification, based on a Limited Assurance Procedure, in September and October 2018 with the aim of assessing the conformance of Royal Schiphol Group's 2018 first Green Bond with the Climate Bond Standard version 2.1 for Pre-Issuance requirements and with the associated sector standard and technical criteria, as defined on CBI's website.

The work undertaken by Vigeo Eiris to form this verification statement included:

- Planning and management of the verification
- Desk review of the Bond and associated documentation provided by the Issuer
- Interviews of the Issuer's managers related with the Nominated Assets to be financed by this Bond.
- Assessment of evidences provided by Royal Schiphol Group against the Climate Bond Standards 2.1
- Internal quality control on the assurance report and conclusions
- Provision of Vigeo Eiris' Limited Assurance Report.

The methodology, criteria, findings and assurances addressed by this Limited Assurance Procedure are detailed below.

RESPONSIBILITIES OF THE ISSUER AND OF VIGEO EIRIS

The responsibility of Vigeo Eiris is to provide an external and independent assurance on the compliance of Royal Schiphol Group's 2018 first Green Bond with the Climate Bond Standard version 2.1 requirements and associated technical criteria.

This statement relies on the information provided by the Issuer to the Verifier: documentation, interviews with employees, and explanations presented during the assessment, based on the understanding that this information was provided to Vigeo Eiris in good faith. Vigeo Eiris has not performed an audit nor other tests to check the accuracy of the information provided by the Issuer.

The Issuer is fully responsible for attesting the compliance with its commitments as defined in its policies, for their implementation and their monitoring, and for the information provided.

PRE-ISSUANCE VERIFICATION

This Pre-Issuance Verification has been conducted against the Climate Bonds Standard version 2.1 requirements:

- Part A: General requirements to be applied for all Climate Bonds
- Part B: Eligible Projects & Assets, notably:
 - Commercial Property Eligibility Criteria Version 1.0.
 - Property Upgrade Eligibility Criteria Version 1.0.
 - Low Carbon Land Transport Eligibility Criteria Version 1.0

The verification process is performed in accordance with relevant general principles & professional standards of independent auditing, and in line with the International Standard on Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000).

The verification included checking whether the provisions of the Climate Bonds Standard 2.1 were consistently and appropriately applied and the collection of evidence supporting the verification. The details and areas covered by the verification are summarized in the following pages (see Detailed results section).

Based on the supporting elements and explanations provided by the Issuer, nothing has come to our attention that causes us to believe that, in all material respects, Royal Schiphol Group's 2018 first Green Bond is not in conformance with the Climate Bonds Standard's Pre-Issuance Requirements (version 2.1) and with associated relevant sector-specific technical criteria. This level of assurance applies altogether to the Nominated Projects & Assets, the environmental benefits of the Bond, the evaluation and selection process of the assets, the proposed financial accounting system, and the monitoring & reporting system associated to the Bond, to be implemented over the term of the Bond.

This Report is valid as of the date of Green Bond issuance and limited to Royal Schiphol Group's 2018 first Green Bond. It is provided by Vigeo Eiris to the Issuer and the Climate Bonds Initiative, and can only be used by them.

Paris, October 8th, 2018



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Disclaimer

Transparency on the relation between Vigeo Eiris and the Issuer: Vigeo Eiris has not executed any audit mission or consultancy activity for Royal Schiphol Group until so far and no established relationship (financial or other) exists between Vigeo Eiris and Royal Schiphol Group.

This Assurance Report is a document prepared by the Verifier that conveys the Verifier's opinion on the Bond alignment with the relevant requirements of the Climate Bonds Standard, but it does not provide Climate Bonds Certification itself. Providing this opinion does not mean that Vigeo Eiris certifies the tangibility, the excellence or the irreversibility of the projects financed by the Positive Impact Bond. No assurance is provided by Vigeo Eiris regarding the financial performance of the Issuer nor of the Bond, nor the value of any investment in the Bond, nor of the environmental footprint of the Bond or the compliance with the commitments taken by the Issuer.

Vigeo Eiris cannot be liable for any loss suffered as a result of information or data provided by the Issuer. Vigeo Eiris is not liable for the induced consequences when third parties use this opinion either to make investments decisions or any kind of business transaction.

Restriction on Distribution and Use of this Limited Assurance Report: at the discretion of the Issuer.

VERIFICATION CRITERIA & FINDINGS

The evidence, information and explanations supporting the Bond issuance provided by Royal Schiphol Group to Vigeo Eiris were both historical (for projects selection process and nominated projects) and hypothetical or projected (for the expected environmental benefits, the proposed financial accounting system, and the monitoring & reporting system associated to the bond, to be implemented over the term of the bond).

The Issuer showed a high responsiveness in providing information to the Verifier. We believe that the procedures we have performed and the evidence we have obtained are sufficient and appropriate to provide a basis for our findings.

Summary criteria for assertions of compliance with the pre-issuance requirements of Climate Bonds Standards version 2.1

Vigeo Eiris has assessed Royal Schiphol Group's 2018 first Green Bond and the nominated projects and assets against criteria and requirements detailed within the Climate Bonds Standard version 2.1:

- Part A: General requirements to be applied for all Climate Bonds
 1. Selection of Nominated Projects & Assets
 2. Internal Processes & Controls
 3. Reporting Prior to Issuance
- Part B: Eligible Projects & Assets
 - Commercial Property Eligibility Criteria Version 1.0.
 - Property Upgrade Eligibility Criteria Version 1.0.
 - Low Carbon Land Transport Eligibility Criteria Version 1.0

Assessment of Royal Schiphol Group's 2018 first Green Bond against Pre-Issuance Requirements of Climate Bonds Standard

Part A: General Requirements

1. Selection of Nominated Projects & Assets

Clause 1.1 The Issuer shall establish, document and maintain a decision-making process which it uses to determine the eligibility of the Nominated Projects & Assets. This includes, without limitation: a statement on the environmental objectives of the bond; a process to determine whether the Nominated Projects & Assets meet the eligibility requirements.

The Issuer has established and documented a decision-making process which it has used to determine the eligibility of the Nominated Projects & Assets. This process is formalized in the Issuer's Green Bond Framework (the "Framework").

A statement on the environmental objectives of the bond

The Framework includes a statement on the environmental objectives of the bond with regards to the overall objective to contribute to the corporate strategy, namely the goal for Schiphol to be a CO₂-neutral airport by 2040.

This climate change mitigation of the Bond is general and the expected contribution of the bond to the Issuer's corporate sustainability objectives is not quantified, which is an area of improvement.

Of note, for its 2018 first Green Bond issuance, Schiphol has already identified a portfolio of Eligible Projects, the Eligible Green Project Portfolio (the "Portfolio"), which is clearly defined and composed, in whole or in part, of green buildings and electric vehicles and charging stations.

The selected Portfolio is intended to contribute to the targeted climate change mitigation objective of the Bond. Quantitative targets are defined at project level, to the extent that eligible projects need to align with minimum requirements in terms of ratings and certificates for buildings (underlying quantitative targets on which the label and certificate schemes are based).

A process to determine whether the Nominated Projects & Assets meet the eligibility requirements

The decision-making process is clearly defined and includes a process to determine whether the Nominated Projects & Assets meet the eligibility requirements.

The process is reasonably structured, is based on relevant internal expertise with well-defined roles and responsibilities, and relies on explicit eligibility criteria (selection and exclusion), with regards to the environmental and sustainability objectives, including the relevant eligibility requirements set by the Climate Bonds Initiative.

Clause 1.2 The Issuer shall assess that all proposed Nominated Projects & Assets to be associated with the bond meet the bond's documented objectives as stated under Clause 1.1 and are likely to conform to the relevant eligibility requirements.

The Issuer has assessed that all the Nominated Projects & Assets to be associated with the bond portfolio meet the bond's environmental objectives and are likely to conform to the relevant eligibility requirements.

All the Nominated Projects & Assets have been selected in the Portfolio, in accordance with the relevant eligibility requirements. This assessment has been performed by a dedicated committee, namely the Schiphol Sustainability Committee (the "Committee"), which meetings are subject to meeting minutes.

Clause 1.3 The Issuer shall document the Nominated Projects & Assets which are proposed to be associated with the bond and which have been assessed as likely to be Eligible Projects & Assets. The Issuer shall establish a list of Nominated Projects & Assets which can be kept up-to-date during the term of the bond.

The Issuer has documented the Nominated Projects & Assets which are associated with the bond. Each Project is documented by the project team for the Committee and a summarized proposal is established for each project integrated in the Portfolio.

An exhaustive collection of information related to the Nominated Projects & Assets is included in the process defined by the Issuer, including project description, timelines, investment amount, detailed Environmental Social Governance targets and procedures (e.g. which energy label and certification will be targeted, procedures to keep labels and certificates up to date, procedures to keep relevant technology up to date) and relevant risks and mitigants (incl. ESG due diligence).

The Issuer has internally established a list of Nominated Projects & Assets that has been disclosed to Vigeo Eiris. The Treasury Department will track and monitor the list of Nominated Projects & Assets which can be kept up-to-date during the term of the bond, at least twice a year but typically every quarter.

Clause 1.4 Nominated Projects & Assets shall not be nominated to other Climate Bonds unless it is demonstrated by the Issuer that distinct portions of the Nominated Projects & Assets are being funded by different Climate Bonds or that the existing Climate Bond is being refinanced via another Climate Bond.

The Issuer reports that – as of the date of Vigeo Eiris review – he has no other Climate Bonds outstanding. Thus, the Nominated Projects & Assets selected in the Portfolio are not nominated to other Climate Bonds.

Clause 1.5 The expected Net Proceeds of the bond shall be no greater than the Issuer's debt obligation to the proposed Nominated Projects & Assets, or the Fair Market Value of the proposed Nominated Projects & Assets which are owned by the Issuer.

The expected Net Proceeds of the bonds will reportedly be no greater than the Fair Market Value of the proposed Nominated Projects & Assets which are owned by the Issuer: the Issuer intends to maintain at all times a Portfolio that is at least equal to the aggregate net proceeds of the Bonds concurrently outstanding.

For this first issuance, the Portfolio is significantly larger than the amount of the envisaged Green Bond issuance.

Vigeo Eiris reviewed the above elements based on the information and documentation provided by the Issuer during the verification, and nothing has come to our attention that causes us to believe that, in all material respects, the Issuer's 2018 first Green Bond is not in conformance with the Climate Bonds Standard's Pre-Issuance Requirements (version 2.1) stated in section 1 "Nominated Projects & Assets".

2. Internal Processes & Controls

Clause 2.1: The systems, policies and processes to be used for management of bond funds and investments made shall be documented by the Issuer and disclosed to the Verifier, and shall include arrangements for the following activities: Tracking of proceeds; Managing unallocated proceeds; Earmarking funds to Nominated Projects & Assets.

The systems, policies and processes to be used for management of bond funds and investments made are partially documented in the Framework but have been fully disclosed to Vigeo Eiris.

The allocation process is clearly defined. The Issuer's Sustainability Committee and Corporate Treasury Department are responsible for ensuring that allocation is aligned with the eligibility criteria.

Arrangements for:

- Tracking of proceeds:

The Net Proceeds of the Bond will be managed within the treasury liquidity portfolio and allocated to the Portfolio by the Corporate Treasury Department.

The Corporate Treasury, in close cooperation with the Corporate Control departments, will and monitor the development of all investments related to the projects selected in the Portfolio, via Schiphol's internal asset register (accounting for investments and relevant depreciation). The Issuer's Sustainability Committee will be informed of the outcomes of this tracking process.

The allocation of proceeds will be verified (post-issuance) by an external auditor one year after issuance, until full allocation or following any material events.

- Managing unallocated proceeds:

Whilst any Net Proceeds remain unallocated, the Issuer is committed to manage the balance of Net Proceeds not yet allocated to the Portfolio in cash or other short term and liquid instrument.

- Earmarking funds to Nominated Projects & Assets:

The Issuer states that the Net Proceeds of the Bond will be immediately fully allocated to the Portfolio by the Corporate Treasury Department after settlement and will be matched on a nominal basis with Nominated Projects & Assets.

Vigeo Eiris reviewed the above elements based on the information and documentation provided by the Issuer during the verification, and nothing has come to our attention that causes us to believe that, in all material respects, the Issuer's 2018 first Green Bond is not in conformance with the Climate Bonds Standard's Pre-Issuance Requirements (version 2.1) stated in section 2 "Internal Processes & Controls".

3. Reporting to issuance

Clause 3.1. The Issuer shall disclose in the Bond Disclosure Documentation:

3.1.1. The investment areas into which the Nominated Projects & Assets fall.

The Issuer is committed to report the total amount of investments and expenditures in the Portfolio. Schiphol will make and keep readily available reporting on the allocation of net proceeds to the Portfolio at least at the category level, corresponding to investment areas (Low Carbon Buildings and Low Carbon Transport) yearly throughout the lifetime of the bond.

3.1.2. The intended types of temporary investment instruments for the management of unallocated proceeds.

The Issuer discloses the intended types of temporary investment instruments for the management of unallocated proceeds in its Framework.

In addition, the Issuer is committed to report the balance of unallocated proceeds. We have recommended to report on the types of temporary placements (in case of unallocated proceeds).

3.1.3. The Verifier selected by the Issuer for the pre-issuance and the post-issuance engagements.

The Issuer explicitly refers to the engagement of a Climate Bonds Initiative Approved Verifier to perform both the pre-issuance and post-issuance verification engagements. The Issuer is committed to make the Verifier's reports accessible to its Green Bond investors.

3.1.4. Whether periodic Assurance Engagements will be undertaken during the term of the bond to reaffirm conformance with the Climate Bonds Standard, and the expected frequency of any periodic Assurance Engagements.

The Issuer does not commit to have periodic Assurance Engagements undertaken during the term of the bond, which is an area of improvement.

Vigeo Eiris reviewed the above elements based on the information and documentation provided by the Issuer during the verification, and nothing has come to our attention that causes us to believe that, in all material respects, the Issuer's 2018 first Green Bond is not in conformance with the Climate Bonds Standard's Pre-Issuance Requirements (version 2.1) stated in section 3 "Reporting to issuance".

PART B: Climate Bonds Taxonomy and Sector Specific Standards.

9. Climate Bonds Taxonomy

9.1. Nominated Projects & Assets shall fall into one or more of the investment areas contained in the latest version of the Climate Bonds Taxonomy.

According to the Portfolio selected by the Issuer and presented to Vigeo Eiris for this first Green Bond issuance, Nominated Projects & Assets fall into two investment areas contained in the latest version of the Climate Bonds Taxonomy, namely:

- Low Carbon Buildings: (i) Commercial Buildings and (ii) Upgrade Projects
- Low Carbon Land Transport.

10. Technical Criteria

10.1. Nominated Projects & Assets shall meet the specific eligibility criteria provided in the latest version of the relevant Sector-Specific Criteria document

Low Carbon Buildings:

The Issuer presented to Vigeo Eiris a Portfolio where 100% of the Nominated Project & Assets which fall into the Commercial Buildings area of investment are new, existing or refurbished buildings.

Such an issuer with multiple projects can aggregate them into one portfolio and it is the aggregated portfolio that must satisfy the minimum requirement rather than each project included in the pool having to comply in its own right.

Aggregation would be similar to the Full Aggregation Method except the denominator for aggregation would be either the total value of financing or the total carbon savings (in absolute terms not percentage terms) to be achieved.

(i) Commercial Buildings

The Issuer presented to Vigeo Eiris a Portfolio where 100% of the Nominated Project & Assets which fall into the Commercial Buildings area of investment are new, existing or refurbished buildings which have received the following classification:

- EPBD A. When looking at the selected Portfolio at the date of the issuance, Energy Index (EI) value of the aggregated Portfolio is 0.94, in accordance with the CBI standard.

Therefore, the current selected Portfolio of Eligible Project & Assets meets the specific eligibility criteria.

Of note, we have no visibility on the Issuer's commitment related to Energy Index (EI) value of 0.99 or below that will be used for the other potential new, existing or refurbished buildings that would be added in the Portfolio.

ii) Upgrade Projects

The Issuer presented to Vigeo Eiris a Portfolio where 100% of the Nominated Project & Assets which fall into the Upgrade Projects area of investment are refurbished buildings with at least two steps improvement in energy label up to at least EPBD label B.

Considering the potential bond maturity being between 9 to 12 years, the Issuer reported that the improvement of 33% to 36% is ensured for the aggregated Portfolio, in accordance with the CBI standard.

When looking at the selected Portfolio at the date of the issuance, the Issuer stated that the refurbished buildings have significantly improved their energy efficiency, well over the 30% threshold, which is demonstrated by a step up of more than 2 levels in the energy performance labelling.

Therefore, the current selected Portfolio of Eligible Project & Assets meets the specific eligibility criteria.

Low Carbon Land Transport.

Eligible Project & Assets relating to low carbon transport shall be projects & assets that operate or will operate in one or more of the following activities: light-duty and heavy goods vehicles that are electric or fuel cell vehicles

The Issuer presented to Vigeo Eiris a Portfolio where 100% of the Nominated Project & Assets which fall into the Low Carbon Land Transport area of investment are electric private vehicles (busses for passengers) and electric vehicle charging infrastructure (charging stations).

Therefore, the current selected Portfolio of Eligible Project & Assets meets the specific eligibility criteria.

10.2. Where the proceeds of a bond are allocated to Nominated Projects & Assets that are covered by more than one Sector-Specific Criteria, then each of the Nominated Projects & Assets shall meet the specific eligibility criteria provided in the Sector-Specific Criteria relevant to that Nominated Project & Asset

The Issuer presented to Vigeo Eiris a Portfolio where each of the Nominated Projects & Assets shall meet the specific eligibility criteria provided in the Sector-Specific Criteria relevant to that Nominated Project & Asset.

Vigeo Eiris reviewed the above elements based on the information and documentation provided by the Issuer during the verification, and nothing has come to our attention that causes us to believe that, in all material respects, the Issuer's 2018 first Green Bond is not in conformance with the Climate Bonds Standard's Pre-Issuance Requirements (version 2.1) stated in the section "Technical criteria for Eligible Projects & Assets".



Vigeo Eiris is a global provider of environmental, social and governance (ESG) research to investors and public and private corporates. The agency evaluates the level of integration of sustainability factors into organisations' strategy and operations, and undertakes a risk assessment to assist investors and companies' decision-making.

Vigeo Eiris offers a wide range of services:

- ▶ **For investors:** decision making support covering all sustainable and ethical investment approaches (including ratings, databases, sector analyses, portfolio analyses, structured products, indices and more).
- ▶ **For companies & organisations:** supporting the integration of ESG criteria into business functions and strategic operations (including sustainable bonds, corporate ratings, CSR evaluations and more).

Vigeo Eiris is committed to delivering client products and services with high added value: a result of research and analysis that adheres to the strictest quality standards. Our methodology is reviewed by an independent scientific council and all our production processes, from information collection to service delivery, are documented and audited. Vigeo Eiris has chosen to certify all its processes to the latest ISO 9001 standard. Vigeo Eiris is an approved verifier for CBI (Climate Bond Initiative). Vigeo Eiris' research is referenced in several international scientific publications.

With a team of more than 240 experts of 28 different nationalities, Vigeo Eiris is present in Paris, London, Boston, Brussels, Casablanca, Hong Kong, Milan, Montreal, Rabat, Santiago and Stockholm.

The Vigeo Eiris Global Network, comprising 7 exclusive research partners, is present in Australia, Brazil, Germany, Israel, Japan, Spain and Mexico.

For more information: www.vigeo-eiris.com