



SECOND PARTY OPINION¹ ON THE SUSTAINABILITY OF THE ROYAL SCHIPHOL GROUP'S GREEN BOND²

October 5th, 2018

SCOPE

Vigeo Eiris was commissioned to provide an independent opinion on the sustainability credentials and management of the Green Bond (the "Bond") proposed to be issued by Royal Schiphol Group (hereafter the "Issuer" or "Schiphol" or "The Group") to finance and/or refinance a selected Portfolio of Eligible Projects, composed of green buildings and electric vehicles and charging stations. The scope of this Opinion is limited to Schiphol's activities and responsibilities, as airports operator and commercial real estate manager in the Netherlands and internationally. Our opinion is established according to our Environmental, Social and Governance ("ESG") exclusive assessment methodology and the International Capital Market Association's Green Bond Principles ("GBP").

Our opinion is based on the review of the two following components:

- 1) **Issuer:** we assessed the Issuer's involvement in potential ESG controversies' and controversial activities.
 - ▶ The Issuer commits to cooperate with Vigeo Eiris team in order to actively update its ESG performance assessment. When available, the disclosure of related information will be at the discretion of the Issuer.
- 2) **Issuance:** we assessed the coherence of the Green Bond Framework, the consistency of the use of proceeds of the Bond and the Bond's alignment with the GBP.

Our sources of information are multichannel, combining data from our general rating database, information provided by the Issuer, press content providers and stakeholders, and complemented by interviews with Issuer's employees held *via* a telecommunications system. We carried out our due diligence from September 14th to 28th, 2018.

We could access the appropriate documents and people we solicited. We consider that the provided information enables us to establish our opinion with a reasonable assurance on its relevance, precision and reliability.

VIGEO EIRIS' OPINION

Vigeo Eiris is of the opinion that the Bond considered by Royal Schiphol Group aligns with the Green Bond Principles.

We express a reasonable assurance³ (our highest level of assurance) on the Issuer's commitments and the Bond's contribution to sustainability.

The selected Portfolio of Eligible Projects is likely to contribute to five United Nations' Sustainable Development Goals, namely Goal 7: Affordable and Clean Energy, Goal 9: Industry, Innovation and Infrastructure, Goal 11: Sustainable Cities and Communities, Goal 12: Responsible Consumption and Production and Goal 13: Climate Action.

- 1) **Issuer:**
 - ▶ As of today, no controversy was identified for Royal Schiphol Group related to ESG factors.
 - ▶ Regarding the 15 controversial activities⁴ screened under our methodology, Royal Schiphol Group has a minor involvement in Alcohol and Tobacco derived from rent and commission income from tenants, and no involvement in the other controversial activities.

¹ This opinion is to be considered as the "Second Party Opinion" described by the International Capital Market Association (www.icmagroup.org).

² The "Bond" is to be considered as the potential forthcoming bond, which issuance is subject to market conditions.

³ Definition of Vigeo Eiris' scales of assessment (as detailed in the Methodology section of this document):

Level of Evaluation: Advanced, Good, Limited, Weak.

Level of Assurance: Reasonable, Moderate, Weak.

⁴ The 15 controversial activities: Alcohol, Animal welfare, Chemicals of concern, Civilian firearms, Fossil Fuels industry, Coal, Tar sands and oil shale, Gambling, Genetic engineering, High interest rate lending, Military, Nuclear power, Pornography, Reproductive medicine, and Tobacco.

2) Issuance:

Royal Schiphol Group has formalized the main characteristics of its first Green Bond within a Green Bond Framework (the "Framework"). The Issuer has committed to make both the Framework and this Second Party Opinion publicly available on its website, in line with good market practices.

We are of the opinion that the contemplated Bond is coherent with Schiphol's main sustainability priorities and sectorial issues, and contributes to achieving its sustainability commitments.

- ▶ The net proceeds of the Green Bond will be used to finance and refinance the selected Portfolio of Eligible Projects, composed of green buildings and electric vehicles and charging stations, which is intended to contribute to the targeted climate change mitigation objective of the Bond. This environmental objective is measurable, relevant and precise. Additional sustainability objectives have been identified and generally defined by the Issuer, namely pollution prevention (waste management) and control and environmental health (air quality).

Schiphol will assess and, where feasible, quantify the expected environmental benefits of the Portfolio on climate change mitigation.

- ▶ The governance and the process for the evaluation and selection of Eligible Projects appear to be documented and relevant. The process relies on explicit eligibility criteria (selection).

The identification and management of environmental and social risks associated with the selected Eligible Projects is considered overall good.

- ▶ The rules for the management of proceeds are clearly defined.
- ▶ The reporting process and commitments are overall good, covering both funds allocation and environmental benefits of the Bond. We value the Issuer's commitments to systematically report on CO2 emissions reduction and energy savings at category level, we have recommended formalizing this commitment in the Framework.

The Royal Schiphol Group's Green Bond issuance is supported by external reviews:

- A pre-issuance consultant review: A Second Party Opinion delivered by Vigeo Eiris on the sustainability credentials of the Bond, covering all the features of the Bond.
- Certification: Climate Bonds Initiative (CBI) certification relying on a pre-issuance verification based on Climate Bonds Standard V.2.1 (Limited Assurance Procedure). A post-issuance verification will be performed within the first year of the issuance.
- An annual verification: performed by a third-party auditor, covering the allocation of funds to the Eligible Green Project Portfolio, one year after issuance, until full allocation or following any material events.

This Second Party Opinion is based on the review of the information provided by the Issuer, according to our exclusive assessment methodology and to the GBP voluntary guidelines (June 2018). The Royal Schiphol Group acknowledges that in case of changes of such standards and market practices and expectations, VIGEO EIRIS shall exclude any liability regarding the use of the concerned Second Party Opinion and its compliance with then-current standards and market practices and expectations.

Paris, October 5th, 2018



Laurie CHESNÉ
Head of Sustainable Bonds services
Senior Sustainability Consultant



Paul COURTOISIER
Sustainability Consultant

DETAILED RESULTS

Part I. ISSUER

Stakeholder-related ESG controversies

As of today, no controversy was identified for Royal Schiphol Group related to ESG factors.

Involvement in controversial activities

Royal Schiphol Group is minor involved in two controversial activities, namely:

- Alcohol: Schiphol has an estimated turnover from alcoholic beverages which is less than 5% total turnover. This turnover is derived from rent and commission income (on the basis of sales numbers) from the external tenants that sell of alcoholic beverages in the airport's retail and food & beverage outlets.
- Tobacco: Schiphol has an estimated turnover from tobacco which is less than 1% total turnover. This turnover is derived from rent and commission income (on the basis of sales numbers) from the external tenants that sell of tobacco products in the airport's shops.

The company is not involved in the 13 other controversial activities scrutinized under our methodology: Animal welfare, Chemicals of concern, Civilian firearms, Fossil Fuels industry, Coal, Tar sands and oil shale, Gambling, Genetic engineering, High interest rate lending, Military, Nuclear Power, Pornography and Reproductive Medicine.

The controversial activities research provides screening on companies to identify involvement in business activities that are subject to philosophical or moral beliefs. The information does not suggest any approval or disapproval on their content from Vigeo Eiris.

Part II. ISSUANCE

Coherence of the issuance

We are of the opinion that the contemplated Bond is coherent with Royal Schiphol Group's main sustainability priorities and sectorial issues, and contributes to achieve its sustainability commitments.

Aviation is one of the most energy and carbon intensive modes of transport, whether measured per passenger km or per hour travelling. The major concern for the industry is greenhouse gas emissions and their impact on climate change. The aviation industry produces around 2-2.5% of the world's man-made CO₂ emissions of CO₂, according to the United Nations Intergovernmental Panel on Climate Change (IPCC). Considering the rapid growth of aviation in recent years, and expected continuous trend, the IPCC forecasts that its share of global man-made CO₂ emissions will increase to around 3% in 2050.

Although aviation and airports can play an important role in local and global economic development, the aviation industry faces the challenge of meeting strong passenger growth while reducing its environmental impacts. Airports contribute to climate change impact of aviation indirectly, through contributing to the growth of air travel and traffic, and directly, through their own operations. While considering the impact of aviation broadly is beyond the scope of this Opinion, our assessment exclusively focuses on direct impacts caused by the operation of airports.

The most critical issue related to airport operations is linked to climate change with GHG emissions generated from the use of heat and electricity by airport buildings, the use of airport vehicles and ground support equipment, the combustion of aviation fuel from aircrafts, on-site engine testing and surface access requirements. Their environmental impacts could also include noise and nuisance, loss of land and habits (through the construction of new infrastructure) as well as the prevention of water pollution (due to aircraft de-icing and cleaning, and other chemical-heavy aircraft operations).

Besides, buildings account for approximately a third of the world's energy consumption and greenhouse gas emissions. The adoption of a sound environmental strategy is a key issue for the sector. In particular, real estate companies are expected to integrate environmental considerations in their investment and management decisions. Since existing buildings will be standing for the next decades, the improvement of energy efficiency is a priority for climate change mitigation.

Schiphol acknowledges its environmental responsibility both as an airports operator and a commercial real estate manager and has designed a "Future Sustainability" strategy to address a number of its environmental challenges, focusing on renewable energy and energy consumption, circular economy, optimum mobility, employment and environment, noise and air quality.

Schiphol aims to lead by example when it comes to sustainability in the airport sector. Schiphol has set a specific and ambitious target in this regard: being the world's *most sustainable airport*, based on two goals of being a *zero-waste airport by 2030* and a *climate neutral airport by 2040*. Of note:

- In agreement with the Dutch Government, Schiphol is committed to ensuring that the annual rise in its energy consumption between 2005 and 2020 is 2% lower than forecast based on passenger volumes and expansion of the real estate portfolio.
- Schiphol joined transport organisations and knowledge institutions to present Minister Van Nieuwenhuizen of Infrastructure and Water Management with a "Smart and Sustainable" plan of action to make aviation more sustainable. The plan displays an objective to reduce CO₂ emissions from Dutch civil aviation originating in the Netherlands by 35% by 2030. Schiphol has already taken relevant measures such as replacing cooling and air handling units with thermal energy storage at its locations, and arranging sustainable management of buildings and maintenance contracts with its main contractors.
- The Group wants to be the leader in reducing NO_x, PM_x and fine particles produced by motorized transport. To do so, Schiphol supports the development of electric transport to and from Schiphol, installs charging stations for both its own buses and passengers electric cars, as well as it replaces passenger buses with electric models to transport passengers between their aircraft and their gate.

In line with its corporate strategy, Schiphol's Green Bond Framework is designed to address these sector environmental challenges, especially climate change mitigation. Schiphol contemplates the issuance of a first Green Bond which proceeds are intended to be allocated to "Green Buildings" and "Clean Transportation" projects, according to its circular principles and core ESG requirements.

By issuing a Green Bond to finance such projects, Schiphol coherently contributes to achieve its sustainability commitments as well as it aligns with the main sector issues in terms of environmental responsibility.

Use of proceeds

The net proceeds of the Green Bond will be used to finance and refinance the selected Portfolio of Eligible Projects, composed of green buildings and electric vehicles and charging stations, which is intended to contribute to the targeted climate change mitigation objective of the Bond. This environmental objective is measurable, relevant and precise. Additional sustainability objectives have been identified and generally defined by the Issuer, namely pollution prevention (waste management) and control and environmental health (air quality).

The Portfolio is likely to contribute to four United Nations' Sustainable Development Goals, namely Goal 7: Affordable and Clean Energy, Goal 9: Industry, Innovation and Infrastructure, Goal 11: Sustainable Cities and Communities, Goal 12: Responsible Consumption and Production and Goal 13: Climate Action.

Schiphol will assess and where feasible quantify the expected environmental benefits of the Portfolio on climate change mitigation.

The overall objectives of the Bond are aligned with the corporate strategy and generally defined as the contribution to the overall goal for Schiphol to be a CO₂-neutral airport by 2040.

The net proceeds of the Green Bond will be used to finance and refinance, in whole or in part, a portfolio of two Eligible Projects categories, namely:

- Green buildings
- Clean transportation

Except for green buildings (Eligible Project category A.1) which is clearly defined, these categories are generally defined in the Framework. We have recommended providing more details regarding the *type of individual investments in environmental improvements* (Eligible Project category A.2) and specifying the definitions and eligibility criteria related to *public transportation* and *bio-kerosene facilities* (Eligible Project category B.) that will be financed and refinanced by the Bond.

For each Eligible Projects category defined in the Framework, the Issuer has identified but not formalized general, measurable and relevant objectives, namely climate change mitigation and other sustainability objectives, such as pollution prevention and control (waste) and environmental health (air quality).

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, with relevant definitions:

- The certifications and/or labels used to define and select the Green Buildings rely on recognized sector standards at international and European levels and relevant thresholds have been defined, for both new (top 10% most efficient building in the Netherlands) and existing (i.e. refurbished) buildings (top 15% most efficient building in the Netherlands, with at least 30% of improvement in energy efficiency and label B).

Of note, Schiphol using a portfolio approach, it is the aggregated portfolio that will satisfy the minimum of 30% of improvement in energy efficiency, with all buildings reaching at least level B. 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.
- The Clean Transportation investments are limited to electric vehicles for passenger transportation at the airport premises and charging stations for Schiphol busses and public transport.

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).

The Issuer will assess and where feasible quantify the environmental benefits of the Portfolio on climate change mitigation.

The net proceeds of the Bond will be used to finance and refinance, in whole or in part, new or existing investments.

- New means projects under construction or future buildings
- Existing means refurbished buildings

When looking at the selected Portfolio at the date of the issuance, approximately 90% of selected projects concern existing buildings and 10% are future investments or buildings under construction (estimated refinancing share of 90%). The Issuer commits to report on the share of refinancing in its reporting after a year from the issuance (evolving due to the portfolio approach).

We have recommended limiting the Eligible Projects portfolio to projects which completion date is within 36 months before the allocation of proceeds.

In addition, Vigeo Eiris considers that the selected Portfolio is likely to contribute to five United Nations' Sustainable Development Goals, namely Goal 7: Affordable and Clean Energy, Goal 9: Industry, Innovation and Infrastructure, Goal 11: Sustainable Cities and Communities, Goal 12: Responsible Consumption and Production and Goal 13: Climate Action.



7 Affordable and Clean Energy

UN SDG 7. Affordable and Clean Energy

UN SDG 7 consists in ensuring access to affordable, reliable, sustainable and modern energy for all. More precisely, SDG 7 targets by 2030 include:

- 7.3 Double the global rate of improvement in energy efficiency
- 7.a Enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology

By using the Bond proceeds to finance and refinance the selected Portfolio, Schiphol is contributing to the UN SDG 7, with regards to the above-mentioned targets.



9 Industry, Innovation and Infrastructure

UN SDG 9. Industry, innovation and infrastructure

UN SDG 9 consists in building resilient infrastructure, promoting sustainable industrialization and fostering innovation. More precisely, SDG 9 targets by 2030 include:

- 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.

By using the Bond proceeds to finance and refinance the selected Portfolio, Schiphol is contributing to the UN SDG 9, with regards to the above-mentioned targets.



11 Industry, Innovation and Infrastructure

UN SDG 11. Sustainable Cities and communities

The UN SDG 11 consists in making cities inclusive, safe, resilient and sustainable, with targets by 2030 on the access for all to adequate, safe and affordable basic services. More precisely, SDG 11 targets by 2030 include:

- 11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons

By using the Bond proceeds to finance and refinance the selected Portfolio, Schiphol is contributing to the UN SDG 11, with regards to the above-mentioned targets.



12 Responsible Production and Consumption

UN SDG 12. Responsible consumption and production

UN SDG 12 consists in ensuring sustainable consumption and production patterns. More precisely, SDG 12 targets by 2030 include:

- 12.2 By 2030, achieve the sustainable management and efficient use of natural resources
- 12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment

By using the Bond proceeds to finance and refinance the selected Portfolio, Schiphol is contributing to the UN SDG 12, with regards to the above-mentioned targets.



13 Climate Action

UN SDG 13. Climate action

UN SDG 13 consists in taking urgent action to combat climate change and its impacts. Airports can contribute to this goal by investing in the transition to net-zero carbon energy, energy efficiency and reducing the carbon footprint of its activities.

By using the Bond proceeds to finance and refinance selected Portfolio, Schiphol is contributing to the UN SDG 13, with regards to the above-mentioned contribution.

Process for project evaluation and selection

The governance and the process for the evaluation and selection of Eligible Projects appear to be documented and relevant.

The process for evaluation and selection of Eligible Projects is clearly defined and formalized in Schiphol's Green Bond Framework.

The evaluation and selection of Eligible Projects is based on relevant internal expertise with well-defined roles and responsibilities:

- The project identification is ensured by the Treasury Department, based on their overview of the investments within Schiphol. For investments higher than EUR 25 million, Treasury also needs to perform a second opinion on the (financial) business case.
- The Schiphol Sustainability Committee (the "Committee"), with the Sustainability Manager, the Corporate Treasurer and the Corporate Finance Manager, is in charge of the project evaluation and selection.
- The Committee relies on the involvement of each dedicated "project team", composed with people within Schiphol organization responsible for developing and executing the project (such as project leader, business controller(s), project manager(s), business analyst(s) and supporting staff).
- No external expertise involved in the process of project evaluation and selection (only verification role post-selection).

The evaluation and selection process is reasonably structured:

- Each potential Eligible Project is documented by the project team for the Committee: project description, timelines, investment amounts, detailed ESG 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).
- Via the documentation and dedicated Q&A, the Committee consults the project team in order to evaluate the eligibility of each potential Eligible Project.
- A summarized proposal is established for each project integration in the Portfolio, leading the Committee to select Eligible Projects in the Portfolio. The Committee meeting frequency is flexible, based on the number of proposed projects, but at least twice a year.

The verification and traceability is ensured throughout the process:

- Minutes will be made for each committee meeting, reflecting questions, recommendations and decision making, and all projects are monitored within a dedicated internal IT system
- The verification is internally ensured by the Internal Control Department at project level, *via* the control system applied for all capital allocation decisions.
- The selection of Eligible Green Buildings is based on required certifications and/or labels, which include an external verification by third-parties. There is no external review for clean transportation projects, which are not significant when looking at the selected Portfolio at the date of the issuance.

The process relies on explicit eligibility criteria (selection and exclusion), with regards the environmental and sustainability objectives.

- Relevant selection requirements are used for the Portfolio, based on the Eligible Projects definitions (sector standards and relevant thresholds have been defined).
- The "circular principles" are applied to green building projects (building materials), and where feasible, to electric vehicles and charging stations (especially on technologies and batteries), considering eco-design principle and project life-cycle approach in the project evaluation and selection
- Additional minimum ESG requirements, identified according to a materiality matrix, are incorporated in the design phase, tendering phase and/or the contracting phase of the selected projects

The identification and management of environmental and social (E&S) risks associated with the Eligible Projects is considered overall good.

The identification and management of E&S risks associated with selected Green buildings projects are good:

- Environmental procedures are based on the ISO criteria and an Environmental Impact Assessment is systematically carried out in accordance with relevant laws and regulations. Based on the "circular principles", the identification and management of environmental risks and impacts throughout the project life-cycle, including the physical risks related to climate change (weather events), are taken into account at the design stage of the project.

- Based on the Energy Performance Building Directive (EPBD), Schiphol provides information on the energy performance of its buildings and energy efficiency is monitored on a quarterly basis. Energy efficient technologies are adopted, such as the use of LED lighting, efficient air cooling and treatment units and heat cold storage units (WKO), and sustainable management and maintenance contracts are agreed with main contractors. From 1 January 2018, Schiphol only runs on renewable energy generated in the Netherlands.
- When LEED and/or BREAAAM certification is applied, the environmental management system is externally reviewed, including biodiversity protection measures. Few initiatives in terms of cooperation with tenants appear to be in place to reduce the environmental impacts from the use of its buildings, such as awareness raising via tenants consultation platforms.
- The buildings are fully integrated in and around Airport Premises, where relevant measures to promote the accessibility and connectivity of buildings are allocated, such as access to public transportation and promotion of electric vehicles.
- The aviation industry is heavily regulated regarding occupant safety (European legislation (EASA) and global safety guidance (ICAO)). Health and well-being of building users topic is included in all certifications and/or labels used to define and select the Eligible Projects. Dedicated measures appear to be in place in terms of occupant health management (indoor air quality, healthy materials, ventilation...) and are managed by a dedicated technical expertise center.
- For building construction, Schiphol has set up dedicated rules of safety applying at project level and an H&S risks analysis is also conducted, with associated control measures. CSR and social factors are included in contractual agreements and in the supplier code, which the suppliers need to adhere to.

The identification and management of E&S risks associated with selected Clean Transportation projects are overall good, additional measures could be implemented in terms of consideration of environmental and social criteria related to the battery supply chain and of end-of-life management in the selection:

- Where feasible, Schiphol intends to apply the "circular principles" for clean transportation projects, considering some environmental and social factors in procurement and some initiatives are reported in terms of end-of-life management. Schiphol commits to take into consideration the eco-design of the vehicles and equipment and relevant environmental criteria (CO2 avoidance and energy consumption) in its decision-making process.
- Selected projects of the Portfolio only concern fully electrical vehicles (and equipment), with no atmospheric emissions, and electricity used is produced from renewable energy generated in the Netherlands by additional built wind farms. Electricity consumption from electric vehicles and charging stations is monitored. Some measures to ensure vehicle maintenance appear to be appropriate, with detailed maintenance planning and dedicated resources available in case of emergency maintenance.
- CSR and social factors are included in the process for selection of suppliers of the vehicles and equipment and in the supplier code, which the suppliers need to adhere to.

Management of proceeds

The rules for the management of proceeds are clearly defined.

The allocation process is clearly defined:

- 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 Issuer intends to maintain at all times a Portfolio that is at least equal to the aggregate net proceeds of the Bonds concurrently outstanding, then the expected net proceeds of the bonds will be no greater than the Portfolio value. For this first issuance, the Portfolio is significantly larger than the amount of the contemplated Green Bond issuance.
- For this first issuance, all proceeds will be immediately allocated after settlement (no allocation period)

The tracking processes and method are clearly defined, although partially formalized:

- The Treasury Department, in close cooperation with the Corporate Control Department, will track 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).
- This tracking will be done at least twice a year, but typically every quarter. The Committee will be kept up to date on 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.

In case of unallocated proceeds, the Issuer will hold and/or invest in cash or other short term and liquid instrument, in line with good market practices.

Monitoring & Reporting

The reporting process and commitments are overall good, covering both funds allocation and environmental benefits of the Bond. We value the Issuer's commitments to systematically report on CO2 emissions reduction and energy savings at category level, we have recommended formalizing this commitment in the Framework.

The process for monitoring, data collection, consolidation and reporting is clearly defined but partially formalized in the Issuer's Framework.

- The Treasury Department will be in charge of the portfolio monitoring and reporting, based on internal information (access to whole assets of the group and related data) and regular dialogue with relevant project teams.
- The Issuer commits to monitor potential cases of ESG controversy and opinion of the stakeholders within its corporate initiatives in place in terms of stakeholder consultation.

The issuer commits to annually and publicly report on the Bond, after a year from the issuance and until full allocation, which is in line with minimum market practices, but not in case of any material change in the Portfolio. We have recommended that the impact reporting metrics and features included in the report is annually verified by an external auditor.

The selected reporting indicators related to the funds allocation and environmental benefits are overall relevant to the selected Eligible Projects.

- Allocation Reporting: Relevant indicators will be used for the reporting on allocation, but they are not exhaustive. We have recommended to report on the types of temporary placements (in case of unallocated proceeds) and to formalize the commitment to report on the amount of investments at category level (not only total in the Portfolio). Due to the ongoing evolution of the Portfolio (assets depreciation, inclusion and removal of projects), the issuer will report at least at portfolio and category levels for this first bond.
- Impact reporting: We value following Issuer's reporting commitments expressed during our due diligence process, and we have recommended formalizing these commitments in the Framework:
 - o reporting at least on CO₂ emissions reduction and energy savings at category level, which are relevant indicators for both types of selected projects (green buildings and electric vehicles and charging stations).
 - o disclosure of the calculation methodologies and assumptions that will be used for each indicator.

METHODOLOGY

In Vigeo Eiris' view, Environmental, Social and Governance (ESG) factors are intertwined and complementary. As such they cannot be separated in the assessment of ESG management in any organization, activity or transaction. In this sense, Vigeo Eiris writes an opinion on the Issuer's Corporate Social Responsibility as an organization, and on the objectives, management and reporting of the projects to be (re)financed by this transaction.

Vigeo Eiris' methodology for the definition and assessment of corporates' ESG performance is based on criteria aligned with public international standards, in compliance with the ISO 26000 guidelines, and organized in 6 domains: Environment, Human Resources, Human Rights, Community Involvement, Business Behaviour and Corporate Governance. The evaluation framework has been customized regarding material issues, based on our generic Transports & Logistics sector ESG assessment framework and specific issues considering the issuer's activity.

Vigeo Eiris reviewed information provided by the Issuer, press content providers and stakeholders (partnership with Factiva Dow Jones: access to the content of 28,500 publications worldwide from reference financial newspapers to sector-focused magazines, local publications or Non-Government Organizations). Information gathered from these sources will be considered as long as they are public, documented and traceable. Vigeo Eiris has reviewed documents and websites of the Issuer (including but not limited Royal Schiphol Group Green Bond Framework, Annual Report 2017, Airports Sustainability Declaration, Code of Conduct, Corporate Responsibility at Schiphol, Dutch National Plan to promote nearly zero-energy buildings) and interviewed members from several departments of the Issuer.

Our research and rating procedures are subject to internal quality control at three levels (analysts, heads of cluster sectors, and internal review by the audit department for second party opinions) complemented by a final review and validation by the Direction of Methods. A right of complaint and recourse is guaranteed to all companies under our review, including three levels: first, the team linked to the company, then the Direction of Methods, and finally Vigeo Eiris' Scientific Council. All collaborators are signatories of Vigeo Eiris' Code of Ethics.

Part I. ISSUER

Stakeholder-related ESG controversies and involvement in controversial activities

A controversy is an information, a flow of information, or a contradictory opinion that is public, documented and traceable, allegation against an Issuer on corporate responsibility issues. Such allegations can relate to tangible facts, be an interpretation of these facts, or constitute an allegation on unproven facts.

Vigeo Eiris provides an opinion on companies' controversies risks mitigation based on the analysis of 3 factors:

- **Severity:** the more a controversy will relate to stakeholders' fundamental interests, will prove actual corporate responsibility in its occurrence, and will have adverse impacts for stakeholders and the company, the highest its severity. Severity assigned at corporate level will reflect the highest severity of all cases faced by the company (scale: Minor, Significant, High, Critical).
- **Responsiveness:** ability demonstrated by an Issuer to dialogue with its stakeholders in a risk management perspective and based on explanatory, preventative, remediating or corrective measures. At corporate level, this factor will reflect the overall responsiveness of the company for all cases faced (scale: Proactive, Remediate, Reactive, Non- Communicative).
- **Frequency:** reflects for each ESG challenge the number of controversies faced. At corporate level, this factor reflects on the overall number of controversies faced and scope of ESG issues impacted (scale: Isolated, Occasional, Frequent, Persistent).

The impact of a controversy on a company's reputation reduces with time, depending on the severity of the event and the company's responsiveness to this event. Conventionally, Vigeo Eiris' controversy database covers any controversy with Minor or Significant severity during 24 months after the last event registered and during 48 months for High and Critical controversies.

In addition, 15 controversial activities have been analyzed following 30 parameters to verify if the company is involved in any of them. The company's level of involvement (Major, Minor, No) in a controversial activity is based on:

- An estimation of the revenues derived from controversial products or services.
- The precise nature of the controversial products or services provided by the company.

Part II. ISSUANCE

The Bond has been evaluated by Vigeo Eiris according to the Green Bond Principles and our methodology based on international standards and sector guidelines applying in terms of ESG management and assessment.

Use of proceeds

The use of proceeds guidelines are defined to ensure that the funds raised are used to finance and/or refinance Eligible Projects and are traceable within the issuing organization. Each business/project endorsed shall comply with at least one of the Eligible categories definitions in order to be considered as an Eligible Projects. Vigeo Eiris evaluates the relevance, visibility, and measurability of the associated environmental and/or social objectives. The sustainability purpose of the Bond related Eligible Projects has been precisely defined, with regard to the Issuer's commitments, and assessed based on the described and estimated benefits of Eligible Projects. The contribution of Eligible Projects to sustainable development is evaluated based on the United Nations Sustainable Development Goals.

Process for project evaluation and selection

The evaluation and selection process has been assessed by Vigeo Eiris regarding its transparency, governance and efficiency. The relevance and exhaustiveness of eligibility criteria and associated supporting elements integrated in the Bond issuance, and the coherence of the process are analyzed based on material issues considered in Vigeo Eiris' methodology.

Management of proceeds

The rules for the management of proceeds and the allocation process have been evaluated by Vigeo Eiris regarding their transparency, coherence and efficiency.

Reporting

Reporting indicators, processes and methodologies are defined by the Issuer to enable annual reporting on fund allocation, environmental and/or social benefits (output and impact indicators) and on the responsible management of the Eligible Projects (re)financed by the Bond proceeds, collected at project level and potentially aggregated at Bond and/or Program level. Vigeo Eiris has evaluated the relevance of the reporting framework according to three principles: transparency, exhaustiveness and effectiveness.

- Scale of assessment for processes and commitments: Weak, Limited, Good, Advanced.
- Scale of level of assurance on Issuer's capacity: Reasonable, Moderate, Weak.

VIGEO EIRIS' ASSESSMENT SCALES

Performance evaluation		Level of assurance	
Advanced	Advanced commitment; strong evidence of command over the issues dedicated to achieving the objective of social responsibility. Reasonable level of risk management and using innovative methods to anticipate emerging risks.	Reasonable	Able to convincingly conform to the prescribed principles and objectives of the evaluation framework
Good	Convincing commitment; significant and consistent evidence of command over the issues. Reasonable level of risk management.	Moderate	Compatibility or partial convergence with the prescribed principles and objectives of the evaluation framework
Limited	Commitment to the objective of social responsibility has been initiated or partially achieved; fragmentary evidence of command over the issues. Limited to weak level of risk management.	Weak	Lack or unawareness of, or incompatibility with the prescribed principles and objectives of the evaluation framework
Weak	Commitment to social responsibility is non-tangible; no evidence of command over the issues. Level of insurance of risk management is weak to very weak.		



Vigeo Eiris is an independent international provider of environmental, social and governance (ESG) research and services for investors and public & private organizations. We undertake risk assessments and evaluate the level of integration of sustainability factors within the strategy and operations of organizations.

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 & organizations:** 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

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 opinion aims to explain for investors and stakeholders why the Green Bond is considered as sustainable, based on the information which has been made available to Vigeo Eiris. Vigeo Eiris has neither interviewed stakeholders out of the Issuer's employees, nor performed an on-site audit nor other test to check the accuracy of the information provided by the Issuer. The accuracy, comprehensiveness and trustworthiness of the information collected are a responsibility of the Issuer. Providing this opinion does not mean that Vigeo Eiris certifies the effectiveness, the excellence or the irreversibility of the Projects to be financed by the Bond. The Issuer is fully responsible for attesting the compliance with its commitments defined in its policies, for their implementation and their monitoring. The opinion delivered by Vigeo Eiris neither focuses on the financial performance of the Bond, nor on the effective allocation of its proceeds. Vigeo Eiris is not liable for the induced consequences when third parties use this opinion either to make investments decisions or to make any kind of business transaction.

The opinion delivered on stakeholder-related ESG controversies is not a conclusion on the creditworthiness of the Issuer or its financial obligations. Vigeo Eiris does not express an opinion as a score when controversial activities, products and services are not prohibited by international standards or treaties.

Restriction on distribution and use of this opinion: the opinion is provided by Vigeo Eiris to the Issuer and can only be used by the Issuer. The distribution and publication is at the discretion of the Issuer, submitted to Vigeo Eiris approval.