

# Second-Party Opinion

## SADC Sustainability Finance Framework



### Evaluation Summary

Sustainalytics is of the opinion that the SADC Sustainability Finance Framework is credible and impactful and aligns with the Sustainability Bond Guidelines 2018. This assessment is based on the following:



**USE OF PROCEEDS** The eligible categories for the use of proceeds – Environmentally Sustainable Management of Living Natural Resources and Land Use, Clean Transportation, Pollution Prevention and Control, Socio-Economic Advancement and Empowerment – are aligned with those recognized by both the Green Bond Principles and Social Bond Principles. Sustainalytics considers that the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDG 4 and 11.



**PROJECT EVALUATION / SELECTION** SADC is managed at four levels, including shareholders, the supervisory board, the board of SADC (or “Strategic team”), and the project management companies. SADC will report at each level on a quarterly or annual basis. As part of the Strategic team, the CEO will be responsible for the project evaluation and selection process, ensuring compliance with the eligibility criteria set in the Framework. Sustainalytics considers the project selection process in line with market practice.



**MANAGEMENT OF PROCEEDS** SADC’s Finance department is responsible for the processes for management of proceeds. SADC intends to allocate the proceeds within 24 months. Pending full allocation, SADC may invest unallocated proceeds in accordance with its investment guidelines in cash, deposits, and money market instruments. This is in line with market practice



**REPORTING** SADC intends to report allocation proceeds on its website on an annual basis until full allocation. Allocation reporting will include qualitative descriptions of key expenditures, information on the amounts invested/disbursed, including the share of financing vs refinancing, and the balance of unallocated proceeds. In addition, SADC is committed to reporting on relevant impact metrics. Sustainalytics views SADC’s allocation and impact reporting as aligned with market practice.

<b>Evaluation date</b>	December 23, 2020
<b>Issuer Location</b>	Amsterdam, Netherlands

#### Report Sections

Introduction.....	2
Sustainalytics’ Opinion .....	3
Appendices .....	9

**For inquiries, contact the Sustainable Finance Solutions project team:**

**Charles Cassaz (Amsterdam)**  
Project Support  
charles.cassaz@sustainalytics.com  
(+31) 20 205 02 09

**Ana Rebollo (Amsterdam)**  
Project Support  
ana.rebollo@sustainalytics.com  
(+31) 20 205 0000

**Enrico Tessadro (Amsterdam)**  
Client Relations  
susfinance.emea@sustainalytics.com  
(+44) 20 3880 0193

## Introduction

Schiphol Area Development Company N.V. (“SADC”, or the “Company”) international and regional business and office parks in the Amsterdam metropolitan area. SADC was established in 1987 by public and private sector. SADC has four equal shareholders, including the Municipality of Haarlemmermeer, the Municipality of Amsterdam, the Province of Noord-Holland and Schiphol Group.

SADC has developed the SADC Sustainability Finance Framework (the “Framework”) under which it intends to issue multiple sustainability bonds and loans and use the proceeds to finance and refinance, in whole or in part, existing and future projects that contribute to the shift to a low-carbon economy and provide tangible social benefits. The Framework defines eligibility criteria in four areas:

1. Environmentally Sustainable Management of Living Natural Resources and Land Use
2. Clean Transportation
3. Pollution Prevention and Control
4. Socio-Economic Advancement and Empowerment

SADC engaged Sustainalytics to review the SADC Sustainability Finance Framework, dated December 2020, and provide a Second-Party Opinion on the Framework’s environmental and social credentials and its alignment with the Sustainability Bond Guidelines 2018 (SBG).<sup>1</sup> This Framework will be published in a separate document.<sup>2</sup>

### Scope of work and limitations of Sustainalytics Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent<sup>3</sup> opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2018, Social Bond Principles 2020, and Sustainability Bond Guidelines 2018, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.6.1, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of SADC’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. SADC representatives have confirmed (1) they understand it is the sole responsibility of SADC to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and SADC.

Sustainalytics’ Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics’ Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The

<sup>1</sup> The Sustainability Bond Guidelines are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-bond-guidelines-sbg/>

<sup>2</sup> The SADC Sustainability Finance Framework will be available on SADC’s website at: [www.sadc.nl](http://www.sadc.nl)

<sup>3</sup> When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the intended allocation of proceeds but does not guarantee the realised allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that SADC has made available to Sustainalytics for the purpose of this Second-Party Opinion.

## Sustainalytics' Opinion

### Section 1: Sustainalytics' Opinion on the SADC Sustainability Finance Framework

Sustainalytics is of the opinion that the SADC Sustainability Finance Framework is credible, impactful and aligns with the four core components of the Green Bond Principles 2018 (GBP) and Social Bond Principles 2020 (SBP). Sustainalytics highlights the following elements of SADC's Sustainability Bond Framework:

- Use of Proceeds:
  - The eligible categories – Environmentally Sustainable Management of Living Natural Resources and Land Use, Clean Transportation, Pollution Prevention and Control, Socio-Economic Advancement and Empowerment – are aligned with those recognized by the GBP and SBP. The bonds issued under the Framework are expected to advance the shift to a low-carbon economy and provide positive social outcomes in the Netherlands.
  - Within the Environmentally Sustainable Management of Living Natural Resources and Land Use category, SADC may finance the purchase or development of certified lands that have received BREEAM area '5 stars.' To obtain 5 stars a property must obtain an overall score of 85% across six categories of assessment and must meet certain minimum requirements within two of the categories: Management and Synergy. Sustainalytics regards two other categories, Spatial Planning and Area Climate, to be of particular importance and encourages SADC to ensure that it considers eligible only certified land areas with high scores in these categories. In addition, eligible residential or commercial properties must have certain green building certifications with the following minimum levels: LEED 'Gold' and BREEAM 'Excellent'. Sustainalytics recognizes these certification schemes as credible, and the levels selected to be aligned with market practice. For Sustainalytics assessment of the certification schemes, please refer to Appendix 1.
  - Within the Clean Transportation category, SADC may finance the purchase and installation of charging station for electric vehicles. Sustainalytics notes that charging stations are essentials to foster e-mobility adoption.
  - In the Pollution Prevention and Control category, SADC may finance residual water heating systems, smart off-grid systems, waste management systems, and energy-related initiatives as follows:
    - SADC intends to facilitate and/or finance the development of a residual water heating system in Haarlem, Netherlands. The residual heat from the water-cooling process of Cyrus One's Amsterdam data center will be used to heat approximately 15,000 households.
    - SADC may finance a smart off-grid system that consists of a "closed" energy system to meet the energy demand of the companies at Schiphol Trade Park. The energy system will work in closed loop, powered by on-site production from renewable energy sources, such as solar, hydrogen, wind, and small hydro. Sustainalytics notes that the project is still at the design stage, and that SADC will implement it upon completion. Sustainalytics positively notes that SADC aims at generating 100% of total generation from renewable sources. A fossil-fuel-powered backup system will only be used in case of temporary emergencies. Sustainalytics notes that such project may offer an

- alternative to the consumption of power generated from the Netherland's electric power mix.<sup>4</sup>
- SADC may facilitate and/or finance projects that seek to ensure responsible consumption and production by promoting a circular approach, such as the C-Beta project. The C-Beta project is a circular economic platform that seeks to implement circular initiatives of SADC and its clients, including the use of recycled materials. For instance, SADC's real estate locations are entirely developed with disassembly or upcycled materials. Sustainalytics notes that the activities could accelerate the transition towards a circular economy.
  - SADC may facilitate and/or finance projects to enable and increase recycling and waste collection, such as waste segregation scans. Sustainalytics notes that activities that seek to increase waste segregation and recycling are well-placed for inclusion in a sustainability bond.
  - In addition, SADC may finance battery storage, smart charging, storage for hydrogen, and other initiatives as part of its Energy Hub. SADC's Energy Hub seeks to develop innovative solutions in the field of sustainable energy. Sustainalytics notes that projects are still at an early-stage and encourages SADC to report on the environmental outcomes achieved by the financings.
- In the Socio-Economic Advancement and Empowerment category, SADC may finance the following activities:
    - The Company may finance and provide social internships and training to disadvantaged populations, such as children from socio-economically disadvantaged neighborhoods. SADC has established a partnership with JINC, an Amsterdam-based association that helps children aged eight to 16 in their professional pathway. JINC notably helps children discovering which job suits their needs and how to apply for it. Sustainalytics views the activities financed as socially impactful since they could support underprivileged children in making well-informed career choices.
    - SADC may finance projects that seek to preserve cultural-historical value, such as the A4 Green Zone. The A4 Green Zone is a land development project that includes a dyke formerly part of the Defense Line of Amsterdam, which was placed on the World Heritage List by UNESCO in 1996. Sustainalytics notes that the project will be universally accessible. While Sustainalytics acknowledges the value of preserving cultural heritage, it is not possible to comment on the positive social outcomes that may be achieved from such financing.
  - SADC has established a look-back period of 24 months for refinancing activities.
  - Project Evaluation and Selection:
    - SADC is managed at four levels, including its shareholders,<sup>5</sup> the supervisory board,<sup>6</sup> the board of SADC (or "Strategic team"),<sup>7</sup> and the project management companies.<sup>8</sup> SADC will report at each level on a quarterly or annual basis. As part of the Strategic team, the CEO will be responsible for the project evaluation and selection process, ensuring compliance with the eligibility criteria set in the Framework. Based on these elements, Sustainalytics considers this process to be in line with market practice.
  - Management of Proceeds:
    - SADC's Finance department is responsible for the processes for the management of proceeds. The Finance department will track and monitor the proceeds in an internal accounting system. SADC intends to allocate the proceeds within 24 months. Pending full allocation, SADC may invest unallocated proceeds in accordance with its investment guidelines in cash, deposits, and

<sup>4</sup> In 2020, 74.2% of the electricity generated in the Netherlands was produced from fossil fuel sources.

BP, "Statistical Review of World Energy", (2020), at: <https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/energy-economics/statistical-review/bp-stats-review-2020-full-report.pdf>

<sup>5</sup> The Municipality of Haarlemmermeer, Municipality of Amsterdam, Province of North Holland, and Schiphol Group.

<sup>6</sup> The Supervisory Board is the supervisory body of SADC, consisting of five members. Four members are appointed by the four shareholders of SADC with an independent chairman.

<sup>7</sup> The management of SADC is entrusted to a management consisting of three members (the Strategic Team), under the supervision of the Supervisory Board. The Strategic team is led by the CEO, who is the ultimate statutory responsible person for the project evaluation and selection.

<sup>8</sup> For different projects, a 'Gemeenschappelijke Exploitatiemaatschappij' (GEM) is set up in the form of a BV/CV construction. A project director / manager is appointed for each project who must report to the shareholders of the project at least twice a year.

money market instruments. Based on these elements, Sustainalytics considers this process to be in line with market practice.

- Reporting:
  - SADC intends to report allocation proceeds on its website on an annual basis until full allocation. Allocation reporting will include qualitative descriptions of key expenditures, information on the amounts invested/disbursed, including the share of financing vs refinancing, and the balance of unallocated proceeds. In addition, SADC is committed to reporting on relevant impact metrics. Future impact metrics will be further developed by SADC in 2021 with the help of an external advisor. Based on these elements, Sustainalytics considers this process to be in line with market practice.

### **Alignment with Sustainability Bond Guidelines 2018**

Sustainalytics has determined that the SADC Sustainability Finance Framework aligns to the four core components of the Green Bond Principles (2018) and Social Bond Principles (2020). For detailed information please refer to Appendix 2: Sustainability Bond/ Sustainability Bond Programme External Review Form.

## **Section 2: Sustainability Strategy of SADC**

### **Contribution of Framework to SADC's sustainability strategy**

SADC's sustainability strategy is embedded in its business model and its Code of Conduct.<sup>9</sup> Sustainalytics is of the opinion that SADC demonstrates a commitment to sustainability by contributing to the transition to a circular economy.<sup>10</sup> In this context, SADC develops circular principles for everyday business practices that aim to preserve existing value and creating further value.<sup>11</sup> SADC differentiates five scale levels to foster a circular development and exert varying degrees of influence, including its own business practices, areas, buildings, businesses, and the national and regional scale.<sup>11</sup> SADC intends to promote material reuse and the use of renewable energy, primarily in the areas in which the Company operates.<sup>11</sup> As such, by 2030, the public space of SADC location should be more sustainable through an increased resource-use efficiency.<sup>2</sup> Moreover, by 2030, SADC targets implementing sustainable energy initiatives, including an off-grid energy system, which will be financed by the Framework.<sup>2</sup> In addition, SADC is committed to encouraging its partners and customers to build real estate according to circular principles.

Sustainalytics notes that several of the projects financed through the Framework could further the Company's action in favor of a circular economy. For instance, the financings of buildings that comply with third-party certifications such as BREEAM and LEED could assist the Company in promoting sustainable buildings.

In addition, SADC has set targets for its social initiatives. SADC intends to complete the development of the UNESCO World Heritage Site of the Geniedijk by 2021.<sup>2</sup> Furthermore, the Company aims at organizing social internships and training for secondary school children from underprivileged neighborhoods by 2030.<sup>2</sup> Given that SADC intends to finance these activities through the issuance of the bonds, Sustainalytics notes that the Framework aligns with the sustainability strategy of SADC.

Sustainalytics is of the opinion that the SADC Sustainability Finance Framework is aligned with the Company's overall sustainability strategy and initiatives and will further the Company's action on its key environmental and social priorities.

### **Well-positioned to address common environmental and social risks associated with the projects**

While Sustainalytics recognizes that the use of proceeds from the Framework will be directed towards eligible projects that are recognized by the Green Bond Principles (2018) and Social Bond Principles (2020) to have positive environmental and social impact, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks associated with the eligible projects, could include land-use change, worker health and safety and stakeholder/community relations.

Sustainalytics is of the opinion that SADC is able to manage and/or mitigate potential risks through implementation of the following:

<sup>9</sup> SADC, "Algemene Inkoopvoorwaarden voor leveringen en diensten Schiphol Area Development Company N.V.", (2018).

<sup>10</sup> SADC, "Our story", at: <https://www.sadc.nl/en/about-sadc/>

<sup>11</sup> SADC, "Circular area development", at: <https://www.sadc.nl/en/about-sadc/circular-development/>

- SADC'S Code of Conduct lists out the Company's core values, including People, Environment, and Integrity. The Code, which is based on the guidelines of the Organisation for Economic Co-operation and Development (OECD), provides a list of mandatory rules that must be complied by its contractors.<sup>9</sup>
- The Netherlands strongly adheres to the fundamental International Labor Organization (ILO) Conventions.<sup>12</sup> To protect the worker, SADC's Code of Conduct mandates that Contractors must adhere to the Universal Declaration of Human Rights and the international terms of employment and working conditions treaties, as they are formulated by the ILO, including policies pertaining to non-discrimination and child labour.<sup>9</sup>
- SADC's Contractors must have an environmental policy laid down in a recognized management system such as ISO, EMAS or the CO<sub>2</sub> Performance Ladder. Contractors must also comply with all international and national legislation and regulations in the environmental field.<sup>9</sup>
- SADC's Contractors are bounded to look for ways to minimize their environmental impact through the reduction of energy consumption, water use, harmful emissions, and others, in accordance with international and national legislations.<sup>9</sup>
- In addition, the Dutch's Environment and Planning Act integrates rules on land use planning, environmental protection, nature conservation, construction of buildings, protection of cultural heritage, water management, urban and rural redevelopment, and development of major public and private works into one legal framework that municipalities must follow.<sup>13</sup>
- The Netherlands is classified as a "Designated Country" under the Equator Principles, implying robust environmental and social governance, legislation systems and institutional capacity designed to protect their people and the natural environment.<sup>14</sup>

Based on these policies, standards and assessments, Sustainalytics is of the opinion that SADC has implemented adequate measures and is well-positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

### Section 3: Impact of Use of Proceeds

All four use of proceeds categories are aligned with those recognized by GBP or SBP. Sustainalytics has focused on two below where the impact is specifically relevant in the local context.

#### Importance of increasing the number of EV charging stations in the Netherlands

The Netherlands has one of the densest charging networks worldwide and is a European leader in electric driving. The Dutch government aims to ensure that only zero-emissions cars will be sold by 2030, meaning a growing number of electric vehicles. The sharp increase in electric vehicle adoption poses new challenges for the charging infrastructure network. Estimates indicate that the number of charging points must reach approximately 148.000 units by 2025, compared to 49.520 charging stations in 2020. On average, 7 out of 10 Dutch households rely on public parking. Thereby, reliable, and dense public charging networks are essential to foster e-mobility adoption in the Netherlands.<sup>15</sup>

The Dutch government formulated a National Charging Infrastructure Agenda to address the EV charging demand. The Agenda targets to reach a national coverage of charging stations and provide the required charging capacity by installing 1.8 million public, semi-public, and private charging stations by 2030.<sup>16</sup>

Sustainalytics believes that the projects funded under the Framework are impactful and that SADC's intention to purchase and install charging stations for electric vehicles could contribute to the advancement of the Dutch National Charging Infrastructure Agenda.

<sup>12</sup> Ministry of Social Affairs and Employment, "International Organisations" at: <https://www.government.nl/ministries/ministry-of-social-affairs-and-employment/international-organisations>

<sup>13</sup> "Government of the Netherlands, "Environment and Planning Act", at: <https://www.government.nl/documents/reports/2017/02/28/environment-and-planning-act>

<sup>14</sup> Equator Principles, "Designated countries", at: <https://equator-principles.com/designated-countries/>

<sup>15</sup> RVO, "The National Charging Infrastructure Agenda", (2020) at: <https://bit.ly/3loKyy7>

<sup>16</sup> Government of the Netherlands, "Climate Agreement", (2019), at: <https://bit.ly/3mseyYd>

### Importance of use of residual heat for CO<sub>2</sub> emissions in the Netherlands

In the 2019 Climate Accord, the Dutch government commits to reduce national GHG emissions by 49% by 2030 compared to 1990 levels. The Climate Accord also identified five strategic sectors to decarbonize to achieve this target, including the built environment. In addition, the Regional Energy Strategies (or "RES"), which are part of the Climate Agreement, identified the supply of renewable heating, including residual heat, as an important element to reduce the emissions of the built environment.<sup>16</sup>

The Netherlands intends to reduce the built environment emissions by adapting existing houses and buildings to switch from natural gas to renewable heating. As such, heat suppliers are expected to realize an average carbon cut of 70% by 2030 compared to current natural gas central heating boilers. In order to achieve this goal, the heating sector is committed to increasing the use of sustainable heating sources, including residual heat. Sustainalytics notes that several of the projects financed in the Framework, including residual heat reuse, could support the Netherlands in increasing the share of renewables and waste heat in the heating generation and achieving its CO<sub>2</sub> emissions target.<sup>16</sup>

Sustainalytics is of the opinion that by financing the use of residual heat in Haarlem in the Framework, SADC's expenditures align with the Dutch Regional Energy Strategies and may contribute to reductions in CO<sub>2</sub> emissions.

### Importance of providing training and internships to disadvantaged populations

In secondary education, students must make first career and professional choices.<sup>17</sup> Career choices are conditioned by students' professional interests, professional desires, role models' professions, and career activities, such as internships. Role models serve as examples of successful professional life careers. Role models who present positive pictures of their professions make their professions attractive to students. In addition, professional affinities are explored through internship activities. Students reported that internship experiences strongly influenced their career choices, especially because students tend to opt for internships that correspond with their professional desires.<sup>17</sup>

Adolescents from low-income communities face various career barriers, including socioeconomic status, ethnicity, community, and family.<sup>18</sup> Furthermore, the career choice of tertiary students from low socio-economic backgrounds can be negatively affected by the lack of career information and inefficient career counseling services. As such, students from disadvantaged socio-economically disadvantaged neighborhoods are prone to make uninformed career decisions.<sup>19</sup>

SADC and Jinc, an Amsterdam-based association, offer training in applying for jobs and gaining social skills at work. The partnership between SADC and JINC also aims at providing role models for disadvantaged students and adolescents. In addition, they offer internships to help students finding the right career path. As such, Sustainalytics considers that the internships and training financed under the Framework could help adolescents and children from socio-economically disadvantaged neighborhoods making well-informed career choices.

Sustainalytics is of the opinion that by financing training and internships that target underprivileged children and adolescents, SADC expenditures may contribute to help adolescents and children from socio-economically disadvantaged neighborhoods making well-informed career choices.

### Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. This sustainability bond advances the following SDGs and targets

Use of Proceeds Category	SDG	SDG target
Environmentally Sustainable Management	11. Sustainable Cities and Communities	11.b By 2020, substantially increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency,

<sup>17</sup> Amani, J., et al., (2014), "The Influence of Family Background on Career Choice among Undergraduate Students in Tanzania", at: <https://journals.udsm.ac.tz/index.php/ped/article/view/1472>

<sup>18</sup> Hill, N. E., et al., (2003), "Early Adolescents' Career Aspirations: A Qualitative Study of Perceived Barriers and Family Support among Low-Income, Ethnically Diverse Adolescents", Journal of Family Issues, at: [https://www.researchgate.net/publication/240704938\\_Early\\_Adolescents'\\_Career\\_Aspirations\\_A\\_Qualitative\\_Study\\_of\\_Perceived\\_Barriers\\_and\\_Family\\_Support\\_among\\_Low-Income\\_Ethnically\\_Diverse\\_Adolescents](https://www.researchgate.net/publication/240704938_Early_Adolescents'_Career_Aspirations_A_Qualitative_Study_of_Perceived_Barriers_and_Family_Support_among_Low-Income_Ethnically_Diverse_Adolescents)

<sup>19</sup> Bojuwoye, O., et al., (2006), "Factors impacting career choice of Technikon students from previously disadvantaged school", at: <https://www.tandfonline.com/doi/abs/10.1080/14330237.2006.10820099>

of Living Natural Resources and Land Use		mitigation and adaptation to climate change, resilience to disasters, and develop and implement, in line with the Sendai Framework for Disaster Risk Reduction 2015-2030, holistic disaster risk management at all levels
Clean Transportation	11. Sustainable Cities and Communities	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.
Pollution Prevention and Control	11. Sustainable Cities and Communities	11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management
Socio-Economic Advancement and Empowerment	4. Quality Education	4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship
	11. Sustainable Cities and Communities	11.4 Strengthen efforts to protect and safeguard the world’s cultural and natural heritage

## Conclusion

SADC has developed the SADC Sustainability Finance Framework under which it will issue sustainability bonds and loans and use the proceeds to finance a wide range of green and social projects, such as Environmentally Sustainable Management of Living Natural Resources and Land Use and areas, or trainings to underprivileged children. Sustainalytics considers that the projects funded by the sustainability bond proceeds will provide positive environmental and social impact.

The SADC Sustainability Finance Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that SADC Sustainability Finance Framework is aligned with the overall sustainability strategy of the Company and that the use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 4 and 11. Additionally, Sustainalytics is of the opinion that SADC has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

Based on the above, Sustainalytics is confident that Schiphol Area Development Company N.V is well-positioned to issue sustainability bonds and that that SADC Sustainability Finance Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles (2018) and Social Bond Principles (2020).



## Appendices

### Appendix 1: Sustainalytics' Assessment of Green Buildings and Area Certifications

	BREEAM	LEED	BREEAM-NL Area
<b>Background</b>	BREEAM (Building Research Establishment Environmental Assessment Method) was first published by the Building Research Establishment (BRE) in 1990. Based in the UK. Used for new, refurbished and extension of existing buildings.	Leadership in Energy and Environmental Design (LEED) is a US Certification System for residential and commercial buildings used worldwide. LEED was developed by the non-profit U.S. Green Building Council (USGBC) and covers the design, construction, maintenance and operation of buildings.	The Dutch Green Building Council (DGBC) is an independent foundation that has developed the BREEAM-NL sustainability label for the built environment in the Netherlands. It issues certificates to projects for which the degree of sustainability has been assessed according to predetermined criteria, recorded in an Assessment Guideline (BRL). The BREEAM-NL family of quality marks is based on the international BREEAM family.  BREEAM-NL Area is a performance-based assessment method and a certification system for areas where development or redevelopment is taking place.
<b>Certification levels</b>	Pass Good Very Good Excellent Outstanding	Certified Silver Gold Platinum	Pass Good Very Good Excellent Outstanding
<b>Areas of Assessment</b>	Energy Land Use and Ecology Pollution Transport Materials Water Waste Health and Wellbeing Innovation	Energy and atmosphere Sustainable Sites Location and Transportation Materials and resources Water efficiency Indoor environmental quality Innovation in Design Regional Priority	Energy Land Use and Ecology Pollution Transport Materials Water Waste Health and Wellbeing Innovation
<b>Requirements</b>	Prerequisites depending on the levels of certification + Credits with associated points  This number of points is then weighted by item <sup>20</sup> and gives a BREEAM level of certification, which is based on the overall score obtained (expressed as a percentage). Majority of BREEAM issues are flexible, meaning that the client can choose which to comply with to build their BREEAM performance score.  BREEAM has two stages/ audit reports: a 'BREEAM Design Stage' and a 'Post Construction Stage', with different assessment criteria.	Prerequisites (independent of level of certification) + Credits with associated points  These points are then added together to obtain the LEED level of certification  There are several different rating systems within LEED. Each rating system is designed to apply to a specific sector (e.g. New Construction, Major Renovation, Core and Shell Development, Schools-/Retail-/Healthcare New Construction and Major Renovations, Existing Buildings: Operation and Maintenance).	Prerequisites (independent of level of certification) + Credits with associated points
<b>Performance display</b>			

<sup>20</sup> BREEAM weighting: Management 12%, Health and wellbeing 15%, Energy 19%, Transport 8%, Water 6%, Materials 12.5%, Waste 7.5%, Land Use and ecology 10%, Pollution 10% and Innovation 10%. One point scored in the Energy item is therefore worth twice as much in the overall score as one point scored in the Pollution item

## Appendix 2: Sustainability Bond / Sustainability Bond Programme - External Review Form

### Section 1. Basic Information

Issuer name:	Schiphol Area Development Company N.V
Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable:	SADC Sustainability Finance Framework
Review provider's name:	Sustainalytics
Completion date of this form:	December 17, 2020
Publication date of review publication:	

### Section 2. Review overview

#### SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP and SBP:

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds        | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting                                    |

#### ROLE(S) OF REVIEW PROVIDER

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 <sup>nd</sup> opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification   | <input type="checkbox"/> Rating        |
| <input type="checkbox"/> Other ( <i>please specify</i> ):                       |  |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

#### EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (*if applicable*)

Please refer to Evaluation Summary above.

### Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

## 1. USE OF PROCEEDS

Overall comment on section *(if applicable)*:

The eligible categories for the use of proceeds Environmentally Sustainable Management of Living Natural Resources and Land Use, Clean Transportation, Pollution Prevention and Control, Socio-Economic Advancement and Empowerment, are aligned with those recognized by both the Green Bond Principles and Social Bond Principles. Sustainalytics considers that the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDG 4 and 11.

### Use of proceeds categories as per GBP:

- |  |   |
|--|---|
| <input type="checkbox"/> Renewable energy  | <input type="checkbox"/> Energy efficiency  |
| <input checked="" type="checkbox"/> Pollution prevention and control   | <input checked="" type="checkbox"/> Environmentally Sustainable Management of Living Natural Resources and Land Use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation   | <input checked="" type="checkbox"/> Clean transportation  |
| <input type="checkbox"/> Sustainable water and wastewater management   | <input type="checkbox"/> Climate change adaptation  |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes                             | <input type="checkbox"/> Environmentally Sustainable Management of Living Natural Resources and Land Use            |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other (please specify):  |

If applicable please specify the environmental taxonomy, if other than GBPs:

### Use of proceeds categories as per SBP:

- |   |   |
|---|---|
| <input type="checkbox"/> Affordable basic infrastructure  | <input type="checkbox"/> Access to essential services                                   |
| <input type="checkbox"/> Affordable housing   | <input type="checkbox"/> Employment generation (through SME financing and microfinance) |
| <input type="checkbox"/> Food security  | <input checked="" type="checkbox"/> Socioeconomic advancement and empowerment           |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBP | <input type="checkbox"/> Other (please specify):  |

If applicable please specify the social taxonomy, if other than SBP:

## 2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

SADC is managed at four levels, including shareholders, the supervisory board, the board of SADC (or "Strategic team"), and the project management companies. SADC will report at each level on a quarterly or

annual basis. The Strategic team will be responsible for the project evaluation and selection. The Strategic team will ensure that projects comply with the eligibility criteria set in the Framework. Sustainalytics considers the project selection process in line with market practice.

#### Evaluation and selection

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's social and green objectives                                 | <input type="checkbox"/> Documented process to determine that projects fit within defined categories                          |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Sustainability Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available                | <input type="checkbox"/> Other (please specify):  |

#### Information on Responsibilities and Accountability

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (please specify):   |  |

### 3. MANAGEMENT OF PROCEEDS

Overall comment on section *(if applicable)*:

SADC's Finance department is responsible for the processes for management of proceeds. SADC intends to allocate the proceeds within 24 months. Pending full allocation, SADC may invest unallocated proceeds in accordance with its investment guidelines in cash, deposits, and money market instruments. This is in line with market practice.

#### Tracking of proceeds:

- |   |
|---|
| <input checked="" type="checkbox"/> Sustainability Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other (please specify):  |

#### Additional disclosure:

- |  |   |
|--|---|
| <input type="checkbox"/> Allocations to future investments only                  | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements                  | <input type="checkbox"/> Allocation to a portfolio of disbursements                     |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (please specify):  |

#### 4. REPORTING

Overall comment on section (if applicable):

SADC intends to report allocation proceeds on its website on an annual basis until full allocation. Allocation reporting will include qualitative descriptions of key expenditures, information on the amounts invested/disbursed, including the share of financing vs refinancing, and the balance of unallocated proceeds. In addition, SADC is committed to reporting on relevant impact metrics. Sustainalytics views SADC's allocation and impact reporting as aligned with market practice.

##### Use of proceeds reporting:

- Project-by-project
  On a project portfolio basis
- Linkage to individual bond(s)
  Other (please specify):

##### Information reported:

- Allocated amounts
  Sustainability Bond financed share of total investment
- Other (please specify):  
 qualitative description of key expenditures, share of financing vs. refinancing and balance of unallocated proceeds

##### Frequency:

- Annual
  Semi-annual
- Other (please specify):

##### Impact reporting:

- Project-by-project
  On a project portfolio basis
- Linkage to individual bond(s)
  Other (please specify):

##### Information reported (expected or ex-post):

- GHG Emissions / Savings
  Energy Savings
- Decrease in water use
  Number of beneficiaries
- Target populations
  Other ESG indicators (please specify): to be further developed in 2021

##### Frequency:

- Annual
  Semi-annual
- Other (please specify):

**Means of Disclosure**

- |   |   |
|---|---|
| <input type="checkbox"/> Information published in financial report  | <input type="checkbox"/> Information published in sustainability report |
| <input checked="" type="checkbox"/> Information published in ad hoc documents   | <input type="checkbox"/> Other (please specify):                        |
| <input type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): |   |

Where appropriate, please specify name and date of publication in the useful links section.

**USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)**

**SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE**

**Type(s) of Review provided:**

- |  |  |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 <sup>nd</sup> opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit                        | <input type="checkbox"/> Rating        |
| <input type="checkbox"/> Other ( <i>please specify</i> ):            |  |

**Review provider(s):**

**Date of publication:**

**ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP AND THE SBP**

- i. Second-Party Opinion: An institution with sustainability expertise that is independent from the issuer may provide a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Sustainability Bond framework, or appropriate procedures such as information barriers will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy, and/or processes relating to sustainability and an evaluation of the environmental and social features of the type of Projects intended for the Use of Proceeds.
- ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or sustainability criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally or socially sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Sustainability Bond proceeds, statement of environmental or social impact or alignment of reporting with the Principles may also be termed verification.
- iii. Certification: An issuer can have its Sustainability Bond or associated Sustainability Bond framework or Use of Proceeds certified against a recognised external sustainability standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. Green, Social and Sustainability Bond Scoring/Rating: An issuer can have its Sustainability Bond, associated Sustainability Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental and/or social performance

---

data, process relative to the Principles, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material sustainability risks.

## Disclaimer

**Copyright ©2020 Sustainalytics. All rights reserved.**

The information, methodologies and opinions contained or reflected herein are proprietary of Sustainalytics and/or its third party suppliers (Third Party Data), and may be made available to third parties only in the form and format disclosed by Sustainalytics, or provided that appropriate citation and acknowledgement is ensured. They are provided for informational purposes only and (1) do not constitute an endorsement of any product or project; (2) do not constitute investment advice, financial advice or a prospectus; (3) cannot be interpreted as an offer or indication to buy or sell securities, to select a project or make any kind of business transactions; (4) do not represent an assessment of the issuer's economic performance, financial obligations nor of its creditworthiness; and/or (5) have not and cannot be incorporated into any offering disclosure.

These are based on information made available by the issuer and therefore are not warranted as to their merchantability, completeness, accuracy, up-to-dateness or fitness for a particular purpose. The information and data are provided "as is" and reflect Sustainalytics' opinion at the date of their elaboration and publication. Sustainalytics accepts no liability for damage arising from the use of the information, data or opinions contained herein, in any manner whatsoever, except where explicitly required by law. Any reference to third party names or Third Party Data is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner. A list of our third-party data providers and their respective terms of use is available on our website. For more information, visit <http://www.sustainalytics.com/legal-disclaimers>.

The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

In case of discrepancies between the English language and translated versions, the English language version shall prevail.



## About Sustainalytics, a Morningstar Company

Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. The firm works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. The world's foremost issuers, from multinational corporations to financial institutions to governments, also rely on Sustainalytics for credible second-party opinions on green, social and sustainable bond frameworks. In 2020, Climate Bonds Initiative named Sustainalytics the "Largest Approved Verifier for Certified Climate Bonds" for the third consecutive year. The firm was also recognized by Environmental Finance as the "Largest External Reviewer" in 2020 for the second consecutive year. For more information, visit [www.sustainalytics.com](http://www.sustainalytics.com).



**GlobalCapital**  
**SRI Awards**

**Named**

**2015: Best SRI or Green Bond Research or Rating Firm**  
**2017, 2018, 2019: Most Impressive Second Opinion Provider**

