



## SECOND PARTY OPINION

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# PORT OF NEWCASTLE INVESTMENTS (FINANCING) PTY LIMITED GREEN FINANCING FRAMEWORK & GREEN LOAN 2021

**Prepared by:** DNV GL Business Assurance Australia Pty. Ltd.

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### Disclaimer

Our assessment relies on the premise that the data and information provided by PON to us as part of our review procedures have been provided in good faith. Because of the selected nature (sampling) and other inherent limitation of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities, possibly significant, may not have been detected. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied as per scope of work. DNV GL expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Statement.

### Statement of Competence and Independence

DNV GL applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2011 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the DNV GL Code of Conduct<sup>1</sup> during the assessment and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV GL was not involved in the preparation of statements or data included in the Framework except for this Statement. DNV GL maintains complete impartiality toward stakeholders interviewed during the assessment process.

<sup>1</sup> DNV GL Code of Conduct is available from DNV GL website ([www.dnvgl.com](http://www.dnvgl.com))

## **DNV GL'S INDEPENDENT ASSESSMENT**

### **SCOPE AND OBJECTIVES**

Port of Newcastle Investments (Financing) Pty Limited ("PON" or "Borrower") has prepared a Green Financing Framework ("Framework") for External Review against the Green Bond Principles 2018 ("GBP"), Green Loan Principles 2020 ("GLP") and Climate Transition Finance Handbook 2020 ("CTFH"). PON is considering entering into a corporate loan ("Green Loan 2021") and would like to label the issuance as a Green Loan as defined in the GLP.

PON intends to use the Framework as a basis to finance and refinance nominated projects and assets falling under the following categories:

- Renewable Energy
- Energy Efficiency
- Pollution Prevention and Control
- Terrestrial and Aquatic Biodiversity Conservation
- Clean Transportation
- Sustainable Water and Wastewater Management
- Climate Change Adaptation
- Green Buildings

DNV GL Business Assurance Australia Pty. Ltd. (henceforth referred to as "DNV GL") has been commissioned by PON as an independent body to provide External Review of the alignment of the Framework and initial Green Loan to relevant Green Financing Standards and Principles. Our criteria and information covered to achieve this is described under 'Work Undertaken' below.

No assurance is provided regarding the financial performance of any Loan or Bond, the value of any investments in the associates issuances, or the long-term environmental benefits of the transactions. Our objective has been to provide an assessment that the Framework has met the criteria of the Green Bond Principles 2018, the Green Loan Principles 2020 and consider alignment with the Climate Transition Finance Handbook 2020.

### **Responsibilities of the Management of PON and DNV GL**

The management of PON has provided the information and data used by DNV GL during the delivery of this review. Our statement represents an independent opinion and is intended to inform PON management and other interested stakeholders in a loan or bond as to whether the established criteria have been met, based on the information provided to us. In our work we have relied on the information and the facts presented to us by PON. DNV GL is not responsible for any aspect of the nominated assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV GL shall not be held liable if any of the information or data provided by PON's management and used as a basis for this assessment were not correct or complete.

### **Basis of DNV GL's opinion**

DNV GL has conducted the review against the Green Bond Principles 2018, the Green Loan Principles 2020 and Climate Transition Finance Handbook 2020 through the creation and execution of a testing

protocol addressing the criteria of the Green Bond Principles 2018 and Green Loan Principles 2020. The detail of areas covered in the DNV GL review is summarised in Schedule 1 below. As per our Protocol, the criteria against which the Framework and prospective green instrument been reviewed are grouped under the four Principles:

- 1. Principle One: Use of Proceeds.** The Use of Proceeds criteria are guided by the requirement that an issuer of a green instrument must use the funds raised to finance eligible activities. The eligible activities should produce clear environmental benefits.
- 2. Principle Two: Process for Project Evaluation and Selection.** The Project Evaluation and Selection criteria are guided by the requirements that an issuer of a green instrument should outline the process it follows when determining eligibility of an investment using green instrument proceeds, and outline any impact objectives it will consider.
- 3. Principle Three: Management of Proceeds.** The Management of Proceeds criteria are guided by the requirements that a green instrument should be tracked within the issuing organization, that separate portfolios should be created when necessary and that a declaration of how unallocated funds will be handled should be made.
- 4. Principle Four: Reporting.** The Reporting criteria are guided by the recommendation that at least Sustainability Reporting to the investors should be made of the use of proceeds and that quantitative and/or qualitative performance indicators should be used, where feasible.

DNV GL has also considered the Instrument in the context of the CTFH including elements of:

**1. Issuer's climate transition strategy and governance**

The financing purpose should be for enabling an issuer's climate change strategy.

**2. Business model environmental materiality**

The planned climate transition trajectory should be relevant to the environmentally-material parts of the issuer's business model.

**3. Transition is science-based including targets and pathways**

Issuer's climate strategy should reference science-based targets and transition pathways.

**4. Implementation transparency**

Market communication in connection with the offer of a financing instrument which has the aim of funding the issuer's climate transition strategy should also provide transparency of the underlying investment program.

## Work undertaken

Our work constituted a high level review of the available information, based on the understanding that this information was provided to us by PON in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us. The work undertaken to form our opinion included:

- Creation and execution of a Green Loan and Green Project Eligibility Assessment Protocol;
- Assessment of documentary evidence provided by PON on the Framework and Green Loan and supplemented by a high-level desktop research, documentation review and interviews with key personnel from PON. These checks refer to current assessment best practices and standards methodology;
- Discussions with PON management, and review of relevant documentation;
- Documentation of findings against each element of the criteria. Our opinion as detailed below is a summary of these findings.

## Findings and DNV GL's opinion

In consideration of the Green Bond Principles 2018 and Green Loan Principles 2020:

**1. Principle One: Use of Proceeds.** PON plans to use the proceeds of the Bonds and Loans issued under the Framework (together 'Green Instruments') to finance and/or re-finance projects and assets that may fall within the categories of:

- Renewable Energy
- Energy Efficiency
- Pollution Prevention and Control
- Terrestrial and Aquatic Biodiversity Conservation
- Clean Transportation
- Sustainable Water and Wastewater Management
- Climate Change Adaptation
- Green Buildings

DNV GL reviewed the criteria for the project categories above to determine the eligibility of the nominated projects and assets.

**2. Principle Two: Process for Project Evaluation and Selection.** Proceeds of the Bond or Loan will be allocated to finance and refinance the assets as defined in Schedule 1. DNV GL has reviewed evidence that demonstrates that PON regularly assesses opportunities for improvement and devises action plans and initiatives to mitigate negative environmental and social impacts from its operations.

**3. Principle Three: Management of Proceeds** DNV GL has reviewed evidence showing how PON plans to trace the proceeds from the Bonds and Loans under the Framework, from the time of issuance to the time of disbursement. The full amount of the proceeds will be managed within treasury or equivalent, and thereafter disbursed in accordance with the investment commitments and any debt obligations. The details of the use and management of proceeds and the outstanding value will be tracked using PON's internal financial reporting system. PON commits to hold proceeds in cash or cash equivalent and for no longer than 12 months until disbursement.

**4. Principle Four: Reporting.** PON has confirmed that it will publish an annual Sustainability Report and a Green Instrument Verification Report as completed by an appropriate external review provider. This will include allocation and (where possible) impact reporting for the term of the Bond or Loan.

In consideration of the Climate Transition Finance Handbook 2020:

**1. Issuer's climate transition strategy and governance** DNV GL found that the proposed Framework and instruments were well aligned with PON's Sustainability Strategy, which is benchmarked to a "Well Below 2 Degrees" performance transition. DNV GL found the transition plan to be credible, ambitious and achievable.

**2. Business model environmental materiality** DNV GL found that the climate transition focus of the PON business was central to its core operations delivering both environmental and social outcomes as well as supporting the commercial drivers of the business. The climate transition focus is relevant to PON's significant environmental impacts and is considered to be qualitatively and quantitatively material in impact.

**3. Transition is science-based including targets and pathways** DNV GL confirmed that PON's transition strategy is quantified and built around a Science Based Target model, with specified pathways for the sustained reduction of emissions in an absolute sense. The demonstrated trajectory of emissions reduction meets and exceeds the 2-degree benchmark.

**4. Implementation transparency** DNV GL has considered the investment and deployment plans associated with PON's transition strategy including investments made to date and commitments for investment and expenditure into the future. DNV GL has also reviewed PON's Sustainability Linked

Financing Framework and Sustainability Strategy and confirmed that a high degree of implementation transparency has been demonstrated and committed to by PON.

On the basis of the information provided by PON and the work undertaken, it is DNV GL's opinion that the Green Financing Framework and proposed initial Green Loan meet the criteria established in the Protocol and that they are aligned with the criteria of the Green Bond Principles 2018 and Green Loan Principles 2020 as appropriate.

DNV GL has also concluded that the PON sustainability and transition strategy is well aligned with the guidance provided in the Climate Transition Finance Handbook 2020. PON has in place a quantified, ambitious and achievable plan to transition to a low carbon future that has been benchmarked to a "Well Below 2 Degrees" outcome.

**for DNV GL Business Assurance Australia Pty. Ltd.**

Sydney, Australia / 3 February 2021



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**Mark Robinson**  
Team Leader



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**David McCann**  
Technical Reviewer

## SCHEDULE 1: DESCRIPTION OF NOMINATED ASSETS TO BE FINANCED OR REFINANCED THROUGH PON GREEN LOANS AND GREEN BONDS

Financial data as provided by PON at January 2021. Data includes combination of existing and new finance. Grey shaded cells represent refinancing.

Eligible Investments	Category	Total AUDm
Bulk Precinct - Construction Material Facility Development	Green Buildings	10.006
Commercial Property Development - Denison St, Carrington	Green Buildings	25.154
Commercial Property Development - Raven St, Walsh Point	Green Buildings	5.031
General Cargo Precinct - RoRo Facility	Green Buildings	45.031
Bulk Precinct - Shed Development & Conveyor Connectivity	Green Buildings	45.515
Bulk Precinct - Services Planning & Installation	Sustainable Water & Wastewater Management	9.546
Seawall Rock Revetment	Climate Change Adaptation	4.061
ESG - Environmental Improvement projects	Sustainable Water & Wastewater Management	1.258
Decarbonisation Scoping	Energy Efficiency	1.3
Decarbonisation Scoping	Energy Efficiency	0.168
EV Charging Infrastructure	Clean Transportation	0.246
<i>Sponsorship of public charging stations - partnership with City of Newcastle</i>	Clean Transportation	0.015
Vehicles - EV Fleet Replacement Program	Clean Transportation	0.485
Vehicles - EV Fleet Replacement Program	Clean Transportation	0.609
ESG - Energy Efficient Lighting Installation - Port Wide	Energy Efficiency	2.679
<i>SBTi tool development</i>	Climate Change Adaptation	0.036
<b>Total</b>		<b>151.098</b>

## **SCHEDULE 2: GREEN INSTRUMENT AND GREEN PROJECT ELIGIBILITY ASSESSMENT PROTOCOL**

### **1. Use of proceeds**

<b>Ref.</b>	<b>Criteria</b>	<b>Requirements</b>	<b>Work Undertaken</b>	<b>DNV GL Findings</b>
1a	Type of LOAN or BOND	<p>The LOAN must fall in one of the following categories, as defined by the Green LOAN Principles:</p> <ul style="list-style-type: none"> <li>• Green Loans</li> <li>• Green Syndicated Loans</li> <li>• Green Lines of Credit</li> </ul> <p>A BOND must fall in one of the following categories, as defined by the Green BOND Principles:</p> <ul style="list-style-type: none"> <li>• Green Use of Proceeds Bond</li> <li>• Green Use of Proceeds Revenue Bond</li> <li>• Green Project Bond</li> <li>• Green Securitized Bond</li> </ul>	<p>Review of:</p> <ul style="list-style-type: none"> <li>- LOAN Issuance Information</li> <li>- PON Green Financing Framework</li> </ul> <p>Correspondence with PON management</p>	<p>The reviewed evidence confirms that the Framework is set out to issue or enter into Bonds and/or loans within the nominated categories.</p> <p>The current Loan falls within a Green Loan category and is acceptable.</p>
1b	Green Project Categories	<p>The cornerstone of a Green Loan or a Green Bond is the utilisation of the proceeds of the LOAN or BOND which should be appropriately described in the legal documentation for the security.</p>	<p>Review of:</p> <ul style="list-style-type: none"> <li>- LOAN Issuance Information</li> <li>- PON Green Financing Framework</li> </ul> <p>Correspondence with PON management</p>	<p>As identified by the Framework and set out in Schedule 1, the purpose of the Green Instruments is to use the proceeds for the financing and refinancing of a broad range of environmentally focused projects in Newcastle, Australia.</p> <p>Specifically, the use of proceeds for the proposed Green Instruments are summarised in Schedule 1 above.</p>

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Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
				<p>DNV GL's assessment concluded that these assets would present tangible and genuine environmental benefits.</p> <p>These are noted to fall within the categories of:</p> <ul style="list-style-type: none"> <li>• Energy Efficiency</li> <li>• Clean Transportation</li> <li>• Sustainable Water and Wastewater Management</li> <li>• Climate Change Adaptation</li> <li>• Green Buildings</li> </ul> <p>The projects are confirmed by DNV GL to be aligned with the GLP and GBP and consistent with the Framework.</p>
1c	Environmental benefits	All designated Green Project categories should provide clear environmentally sustainable benefits, which, where feasible, will be quantified or assessed by the Borrower.	<p>Review of:</p> <ul style="list-style-type: none"> <li>- LOAN Issuance Information</li> <li>- PON Green Financing Framework</li> <li>- PON Asset Specifications</li> </ul> <p>Correspondence with PON management</p>	<p><b>Energy Efficiency Investments</b></p> <p>The Energy Efficiency investments associated with the Green Instruments relate to the scoping study for improvements on the site in addition to deployment of lighting upgrades around the Port.</p> <p>The project involved the replacement and upgrade of existing lighting around the port with LED light alternatives. DNV GL considers this expenditure to be aligned with the GLP and GBP and to provide real and measurable environmental benefits. LED efficient lighting will contribute towards PON's commitment to decarbonise its operations as defined in their Framework.</p> <p><b>Clean Transportation</b></p>

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Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
				<p>DNV GL confirms that the investment in EV vehicles and infrastructure both on the site and in the City of Newcastle is consistent with their commitment to reducing GHG emissions through their operations.</p> <p>DNV GL considers the investments made in EVs and EV infrastructure to be aligned with the GLP and GBP and to provide real and measurable environmental benefits.</p> <p><b>Sustainable Water and Wastewater Management</b></p> <p>DNV GL has reviewed the investments in projects and assets associated with sustainable water and wastewater management on the site. These include projects related to:</p> <ul style="list-style-type: none"> <li>• Scoping and feasibility studies</li> <li>• Wastewater treatment and recycling</li> <li>• Sustainable urban drainage systems</li> <li>• Flooding mitigation</li> <li>• Projects to reduce the ability for marine debris to enter waterways</li> <li>• Water sensitive urban design features in development projects</li> </ul> <p>The Port environment has direct impacts on the marine ecosystem at the site and the investments made are determined to have real benefits associated with water and wastewater runoff and quality. DNV GL considers these investments to be aligned with the GLP and GBP and have genuine environmental benefits.</p> <p><b>Climate Change Adaptation</b></p> <p>PON has made investments in the Port’s sea wall including the Seawall Rock Revetment at the North Arm Seawall Walsh Point. This investment has considered climate change risks and</p>

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Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
				<p>impacts and has been designed to accommodate physical structures intended to provide protection from the risks associated with climate change such as sea level and storm frequency and intensity. DNV GL considers these investments to be aligned with the GLP and GBP and have genuine climate change adaptation benefits.</p> <p><b>Green Buildings</b>            PON intends to make, investments in Office buildings with a 5-Star or higher rating and Warehousing with a 4-Star or higher rating from the Green Building Council of Australia.</p> <p>DNV GL considers the 5 Star Green Star Green Building Council of Australia rated office spaces to have significant environmental benefits and qualify as eligible green assets. The Warehouse area investments were confirmed to have a 4 Star Green Star rating, which DNV GL considers to be green in the context of typical Australian Port infrastructure age and condition.</p>
1d	Refinancing share	In the event that a proportion of the proceeds may be used for refinancing, it is recommended that Borrowers provide an estimate of the share of financing vs. re-financing, and where appropriate, also clarify	Review of: - LOAN Issuance Information - LOAN disclosure documentation - Green Financing Framework  Correspondence with PON management	The proceeds of the Green Instruments will be used to finance the assets listed in Schedule 1, above. The proposed split associated is approximately 93% financing of new projects and 7% refinancing of projects.

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Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
		which investments or project portfolios may be refinanced.		

## 2. Process for Project Selection and Evaluation

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
2a	Investment-decision process	<p>The Borrower of a Green Loan or Green Bond should outline the decision-making process it follows to determine the eligibility of projects using Green Loan or Green Bond proceeds. This includes, without limitation:</p> <ul style="list-style-type: none"> <li>• A process to determine how the projects fit within the eligible Green and Social Projects categories identified in the GNP or GBP;</li> <li>• The criteria making the projects eligible for using the Green Loan or Green Bond proceeds; and</li> <li>• The environmental sustainability objectives</li> </ul>	<p>Review of:</p> <ul style="list-style-type: none"> <li>- LOAN Issuance Information</li> <li>- PON Green Financing Framework</li> </ul>	<p>As per the PON Green Financing Framework, PON has set out the following for project selection:</p> <p>The process for project evaluation and selection will ensure that the net proceeds of each Green Instrument entered into under the Framework will meet the criteria set out. The Sustainable Finance Working Group has oversight of the Framework including the addition of new Eligible Green Projects and the selection of eligible projects and assets.</p> <p>Projects to be funded by Green Instrument proceeds will be subject to a rigorous internal eligibility assessment. Project Managers will be required to demonstrate to the Sustainable Finance Working Group which GLP/GBP Eligible Category the individual project is aligned with.</p> <p>DNV GL has reviewed the structure and function of the Project Selection criteria and confirmed it is in line with the criteria set out in the GLP and GBP.</p>
2b	Borrower's environmental and social and	In addition to information disclosed by a Borrower on its Green Loan or Green Bond process, criteria and assurances, Green Loan or Green Bond lenders may also take into	<p>Review of:</p> <ul style="list-style-type: none"> <li>- PON Sustainability Policies and Procedures</li> <li>- PON Green Financing Framework</li> </ul>	<p>DNV GL has reviewed PON's corporate policies and Sustainability Strategy as detailed and benchmarked in their annual Sustainability Reporting. PON's proposed Green Loan 2021 is confirmed by DNV GL to be aligned with and consistent with PON's overarching Sustainability Strategy and</p>

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Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
	governance framework	consideration the quality of the Borrower's overall framework and performance regarding environmental sustainability.	Correspondence with PON management	<p>Sustainability Objectives. PON's Sustainability key ESG policy areas:</p> <ul style="list-style-type: none"> <li>• Health and Wellness,</li> <li>• Climate Change,</li> <li>• Anti-Corruption,</li> <li>• Diversity and inclusion,</li> <li>• Resource management,</li> <li>• Biodiversity, and</li> <li>• Environmental compliance</li> </ul> <p>PON conducted a comprehensive sustainability strategy covering each of the sub topics listed above in depth with relevant programs for each that have been developed to deliver measurable outcomes for the organisation, its environment and its stakeholders and community.</p> <p>We have also carried out a high-level media review of PON. DNV GL did not identify any instances of or examples of poor environmental stewardship in the conduct of this search.</p> <p>Based on the evidence reviewed and the discussion we had with senior managers, and evaluation of the PON Green Financing Framework, we found that PON's current environmental, social and governance framework is industry leading in the Australian market and represents good practice for the industry.</p>

### 3. Management of proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
3a	Tracking procedure	The net proceeds of Green Loans and Green Bond should be credited to a sub-account, moved to a sub-portfolio or otherwise tracked by the Borrower in an appropriate manner and attested to by a formal internal process that will be linked to the Borrower's lending and investment operations for Green Projects.	<p>Review of:</p> <ul style="list-style-type: none"> <li>- LOAN Issuance Information</li> <li>- PON Green Financing Framework</li> </ul> <p>Correspondence with PON management</p>	<p>The evidence reviewed shows how PON plans to trace the proceeds of each Green Instrument, from the time of drawing to the time of allocation.</p> <p>The proceeds of each Green Instrument entered into under the Framework will be allocated to one or more Eligible Green Projects identified in the Sustainable Finance Projects Register.</p> <p>PON has implemented internal accounting and financial management and information systems to track and report on Eligible Green Projects and verify whether the net proceeds of the Green Instruments have been fully allocated.</p> <p>Green Instrument proceeds will be tracked using dedicated location/cost centre allocations for green projects within PON's financial management system.</p> <p>PON's Sustainable Finance Projects Register will be maintained as part of its financial management system.</p> <p>The net proceeds of Green Instruments will be held on bank deposit until applied toward Eligible Green Projects. PON has committed to applying the net proceeds of each Green Instrument to Eligible Green Projects within 12 months following receipt.</p>

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Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
				DNV GL concludes that the process set out in the Borrower's Framework is aligned with the Management of Proceeds as set out in the GLP and GBP.
3b	Tracking procedure	So long as the Green Loans or Green Bond are outstanding, the balance of the tracked proceeds should be periodically reduced by amounts matching eligible green investments or loan disbursements made during that period.	Review of: <ul style="list-style-type: none"> <li>- LOAN Issuance Information</li> <li>- PON Green Financing Framework</li> </ul> Correspondence with PON management	The evidence reviewed shows that proceeds will be held in bank deposit accounts and will be tracked by PON's Sustainable Finance Projects Register in a way that ensures that they are used exclusively to finance green activities included in the 'Use of Proceeds' section of the Framework. Internal accounting will present the auditable trail to track the use of proceeds.
3c	Temporary holdings	Pending such investments or disbursements to eligible Green Projects, the Borrower should make known to investors the intended types of temporary investment instruments for the balance of unallocated proceeds.	Review of: <ul style="list-style-type: none"> <li>- PON Green Financing Framework</li> </ul> Correspondence with PON management	The net proceeds of the Green Instruments will be held on bank deposit until applied toward Eligible Green Projects as per the PON Green Financing Framework. PON has committed to applying the net proceeds of each Green Instrument (or an amount equal to those net proceeds) to Eligible Green Projects within 12 months following receipt.  DNV GL considers the Management of Proceeds as proposed in the PON Green Financing Framework to be aligned with the GLP and GBP.

#### 4. Reporting

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
4a	Periodical reporting	In addition to reporting on the use of proceeds and the temporary investment of unallocated proceeds, Borrowers should provide at least annually a list of projects to which Green Loan or Green Bond proceeds have been allocated including - when possible with regards to confidentiality and/or competitive considerations - a brief description of the projects and the amounts disbursed, as well as the expected environmentally sustainable impact.	<p>Review of:</p> <ul style="list-style-type: none"> <li>- PON Green Financing Framework</li> </ul> <p>Correspondence with PON management</p>	<p>PON has confirmed that it will report on its corporate website and integrated annual reporting the following:</p> <p>Allocation Reporting:</p> <ul style="list-style-type: none"> <li>- A list of Eligible Green Projects to which the proceeds of Green Instruments have been, or will be, allocated</li> <li>- Amount of Green Instrument proceeds allocated to the various Eligible Green Projects</li> <li>- Description of major Eligible Green Projects</li> <li>- Aggregate amount of Green Instrument proceeds allocated to Eligible Green Projects</li> <li>- Amount of Green Instrument proceeds yet to be allocated to Eligible Green Projects</li> </ul> <p>Impact Reporting:</p> <p>Where possible, PON will provide qualitative and/or quantitative reporting of the environmental and (where relevant) social impacts resulting from Eligible Green Projects. Subject to the nature of the Eligible Green Projects and availability of information, PON will look to utilise the impact reporting guidelines as detailed within the ICMA Green, Social and Sustainability Bonds Principles Resource Centre.</p> <p>PON proposes to provide this reporting annually and to make it available on the PON website.</p> <p>DNV GL considers the proposed allocation and impact reporting proposed and the means of communication to be aligned with the criteria set out in the GLP.</p>

## **SCHEDULE 3: CLIMATE TRANSITION FINANCE HANDBOOK ALIGNMENT ASSESSMENT PROTOCOL**

### **Climate Transition Finance Handbook Alignment**

<b>Ref.</b>	<b>Criteria</b>	<b>Requirements</b>	<b>Work Undertaken</b>	<b>DNV GL Findings</b>
1	Issuer’s climate transition strategy and governance	The financing purpose should be for enabling an issuer’s climate change strategy. A ‘transition’ label applied to a debt financing instrument should serve to communicate the implementation of an issuer’s corporate strategy to transform the business model in a way which effectively addresses climate-related risks and contributes to alignment with the goals of the Paris Agreement.	Review of: <ul style="list-style-type: none"> <li>- PON Green Financing Framework</li> <li>- PON Sustainability Strategy</li> <li>- PON Project and Performance data</li> </ul> Correspondence with PON management	<p>PON has in place a Green Financing Framework and a broader organisational Sustainability strategy with various plans and initiatives to manage and enhance the organisation’s environmental sustainability and related performance.</p> <p>This was reviewed and confirmed to include a quantified and science based assessment of what is required of the PON organisation to meet and exceed the equivalent Paris aligned targets for limiting warming below 2 degrees. This is captured within the PON “Well Below 2 Degrees” plan, which sets out the performance, initiatives and change required to realistically achieve the emissions reduction performance on an ongoing basis.</p> <p>DNV GL found that the proposed Framework and instruments were well aligned with PON’s Sustainability Strategy, which is benchmarked to a “Well Below 2 Degrees” performance transition. DNV GL found the transition plan to be credible, ambitious and achievable.</p>

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Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
2	Business model environmental materiality	The planned climate transition trajectory should be relevant to the environmentally-material parts of the issuer's business model, taking into account potential future scenarios which may impact on current determinations concerning materiality.	Review of: <ul style="list-style-type: none"> <li>- PON Green Financing Framework</li> <li>- PON Sustainability Strategy</li> <li>- PON Project and Performance data</li> </ul> Correspondence with PON management	DNV GL considered the primary operations associated with PON's business activities and their impact upon the natural environment and assessed PON's transition strategy in this context. PON's operations primarily result in impacts to the climate through consumption of energy and the associated scope 1 and 2 emissions within the Port boundary and some Port management related transport into and out of the Port.  PON's emission reduction plan is proposed and quantified in an absolute sense with a cap set for ongoing port emissions that must be met even with optimisation and potential increase in Port activity, which is considered conservative.  DNV GL found that the climate transition focus of the PON business was central to its core operations delivering both environmental and social outcomes as well as supporting the commercial drivers of the business. The climate transition focus is relevant to PON's significant environmental impacts and is considered to be qualitatively and quantitatively material in impact.
3	Transition is science-based including targets and pathway	Issuer's climate strategy should reference science-based targets and transition pathways. The planned transition trajectory should: <ul style="list-style-type: none"> <li>• be quantitatively measurable (based on a measurement methodology which is consistent over time);</li> </ul>	Review of: <ul style="list-style-type: none"> <li>- PON Green Financing Framework</li> <li>- PON Sustainability Strategy</li> <li>- PON Project and Performance data</li> </ul> Correspondence with PON management	PON has in place a science based, "Well below 2 Degrees" transition plan and trajectory that has been developed in conjunction with an external Energy consultancy. This plan has been quantified and planned with defined projects and initiatives to set out an achievable and realistic pathway to reducing emissions in an absolute sense and a plan to maintain absolute emissions to that defined level into the future.  DNV GL confirmed that PON's transition strategy is quantified and built around a Science Based Target model,

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Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
		<ul style="list-style-type: none"> <li>• be aligned with, benchmarked or otherwise referenced to recognized, science-based trajectories where such trajectories exist;</li> <li>• be publicly disclosed (ideally in mainstream financing filings), include interim milestones, and;</li> <li>• be supported by independent assurance or verification.</li> </ul>		with specified pathways for the sustained reduction of emissions in an absolute sense. The demonstrated trajectory of emissions reduction meets and exceeds the 2-degree benchmark.
4	Implementation transparency	Market communication in connection with the offer of a financing instrument which has the aim of funding the issuer's climate transition strategy should also provide transparency to the extent practicable, of the underlying investment program including capital and operational expenditure.	Review of: <ul style="list-style-type: none"> <li>- PON Green Financing Framework</li> <li>- PON Sustainability Strategy</li> <li>- PON Project and Performance data</li> </ul> Correspondence with PON management	DNV GL has considered the investment and deployment plans associated with PON's transition strategy including investments made to date and commitments for investment and expenditure into the future. DNV GL has also reviewed PON's Sustainability Linked Financing Framework commitments to reporting associated with allocations and impacts and PON's broader Sustainability Strategy and confirmed that a high degree of implementation transparency has been demonstrated and committed to by PON.



Second-Party Opinion  
**PON Green Finance Framework & Green Loan 2021**

**About DNV GL**

Driven by our purpose of safeguarding life, property and the environment, DNV GL enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight. With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 16,000 professionals are dedicated to helping customers make the world safer, smarter and greener.

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