



PORT OF NEWCASTLE SUSTAINABILITY FINANCING FRAMEWORK 2023



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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 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 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 Code of Conduct¹ 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 was not involved in the preparation of statements or data included in the Framework except for this Statement. DNV maintains complete impartiality toward stakeholders interviewed during the assessment process.

¹ DNV Code of Conduct is available from DNV website (www.dnv.com)

DNV'S INDEPENDENT ASSESSMENT

Scope and Objectives

Port of Newcastle Investments (Financing) Pty Limited ("PON") is an investment entity associated with the Port of Newcastle corporate structure. The Port of Newcastle is the largest deep water Port on Australia's East Coast.

PON is committed to operating in a manner which acknowledges and proactively manages those issues which are most material to the long-term sustainability of its business, the environment and the communities in which it operates. This commitment is driven by the Company Values which are core to its business and built into its strategic drivers.

PON has prepared a Sustainability Financing Framework ("SFF") for the issuance of "Sustainability Linked Loans" ("SLLs") as defined in the Sustainability Linked Loan Principles 2023 ("SLLP"), Green Loan Principles 2023 ("GLP") set forth by the Loan Markets Association ("LMA") and Asia-Pacific Loan Market Association ("APLMA"), Green Bond Principles 2021 and Climate Transition Finance Handbook published by the International Capital Markets Association ("ICMA"). DNV Business Assurance Australia Pty. Ltd. (henceforth referred to as "DNV") has been commissioned by PON as an independent body to provide verification of PON's Framework and proposed Green Loan against the Green Loan Principles 2023 ("GLP"), Sustainability Linked Loan Principles, ("SLLP"), Green Bond Principles ("GBP") and Climate Finance Transition Handbook ("CTFH") and relevant project criteria. 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 Loan has met the criteria of the GLP, SLLP, GBP and CTFH.

Responsibilities of the Management of PON and DNV

The management of PON has provided the information and data used by DNV 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 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 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 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's opinion

DNV has adapted our assessment methodology to create the PON-specific Eligibility Assessment Protocol (henceforth referred to as "Protocol"). Our Protocol includes a set of suitable criteria that can be used to underpin DNV's opinion.

As per our Protocol, the criteria against which the Framework has been reviewed are grouped under the four core components:

1. Use of Proceeds.

The Use of Proceeds criteria are guided by the requirement that an issuer of a bond/a borrower of a loan must use the funds raised to finance eligible activities. The eligible activities should produce clear environmental benefits.

2. Process for Project Evaluation and Selection

The Project Evaluation and Selection criteria are guided by the requirements that an issuer of a bond/a borrower of a loan should outline the process it follows when determining eligibility of an investment using Green, Social & Sustainability Bond/Loan proceeds and outline any impact objectives it will consider.

3. Management of Proceeds

The Management of Proceeds criteria are guided by the requirements that a bond/a loan should be tracked within the organization, that separate portfolios should be created when necessary and that a declaration of how unallocated funds will be handled.

4. Reporting

The Reporting criteria are guided by the recommendation that at least annual reporting should be made of the use of proceeds and that quantitative and/or qualitative performance indicators should be used, where feasible.

We have adapted our assessment methodology to create the PON-specific Eligibility Assessment Protocol (henceforth referred to as "Protocol"). Our Protocol includes a set of suitable criteria that can be used to underpin DNV's opinion.

As per our Protocol, the criteria against which the SLL and Terms have been reviewed are grouped under the four core components:

- **Principle One: Selection of Key Performance Indicators (KPIs).** The Borrower of a sustainability-linked loan should clearly communicate its overall sustainability objectives, as set out in its sustainability strategy, and how these relate to its proposed SPTs. The KPI should be reliable, material to the Borrower's core sustainability and business strategy, address relevant ESG challenges of the industry sector and be under management control.
- **Principle Two: Calibration of Sustainability Performance Targets (SPTs).** The SPTs should be ambitious, meaningful, and realistic. The target setting should be done in good faith and based on a sustainability improvement in relation to a predetermined performance target benchmark.
- **Principle Three: Loan Characteristics.** The loan will need to include a financial and/or structural impact depending on whether the selected KPIs reach (or not) the predefined SPTs. The loan documentation needs to include the definitions of the KPI(s) and SPT(s) and the potential variation of the SLL's financial and/or structural characteristics. Any fallback mechanisms in case the SPTs cannot be calculated or observed in a satisfactory manner, should be explained.
- **Principle Four: Reporting.** Borrowers should publish and keep readily available and easily accessible up to date information on the performance of the selected KPI(s), as well as a verification assurance report (see Principle 5) outlining the performance against the SPTs and the related impact and timing of such impact on the Loan's financial and/or structural characteristics, with such information to be provided to those institutions participating in the Loan at least once per annum.
- **Principle Five: Verification (Post-issuance).** The Borrower should have its performance against its SPTs independently verified by a qualified external reviewer with relevant expertise, at least once per annum. It is recommended that verification of the performance against the SPTs should be made publicly available where appropriate.

DNV 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 of a Protocol, adapted to the purposes of the Framework, as described above and in Schedule 2 to this Assessment.
- Assessment of documentary evidence provided by PON on the Loan and supplemented by a high-level desktop research. These checks refer to current assessment best practices and standards methodology.
- Review of published materials by PON and PON's website.
- Review of relevant documentation and evidence related to the criteria of the Protocol; and
- Documentation of findings against each element of the criteria. Our opinion as detailed below is a summary of these findings.

Findings and DNV's opinion

DNV's findings related to alignment with the GLP and GBP are listed below:

1. Use of Proceeds

PON intends to apply the net proceeds of each Green instrument under the Framework to finance or refinance, in part or in full, projects that fall under the Eligible Categories Renewable Energy, Energy Efficiency, Pollution Prevention and Control, Green Buildings, Clean Transportation, Sustainable Water and Wastewater Management, Climate Change Adaptation, Aquatic and Terrestrial Biodiversity, Eco efficient and or circular economy adapted products/tech/processes and Environmentally sustainable management of living natural resources and land use.

DNV undertook an analysis of the associated project type to determine the eligibility as "Green" in line with GBP and GLP. DNV concludes that the eligible categories outlined in the Framework are consistent with the categories outlined in the GBP and GLP.

2. Process for Project Evaluation and Selection

The Framework describes the process for project evaluation and selection. The Framework sets out in detail the process in Section 2. DNV reviewed the process and confirms it appropriately describes investment process overview, investment decision-making process and key resources involved. The Framework clarifies that PON's sustainable finance activities will be wholly associated with the Port of Newcastle itself.

DNV concludes that the Framework appropriately describes the process of project evaluation and selection. DNV considers the Process for Project Evaluation and Selection set out in the Framework to be well aligned with the GBP and GLP.

3. Management of Proceeds

The Framework states the PON will track and maintain record of use of proceeds and allocations using their existing financial systems. The Framework states that existing finance systems will be used to record Green Loan information and allocations for tracking and reporting purposes. PON has indicated that they will maintain a balance of Eligible Assets equal to the sum of the net proceeds from the Green Loan.

DNV has reviewed the evidence presented and can confirm that the proceeds arising from the future issuances will be appropriately managed. DNV considers the approach to Management of Proceeds set out in the Framework to be well aligned with the GBP and GLP. Additionally, DNV considers the proposed Green Loan to have been selected in accordance with the Framework.

4. Reporting

PON will provide an annual Allocation Report, which will be in line with the Market Standards, and include the following information:

- Allocation reporting
- Impact Reporting

DNV concludes that PON's reporting is also aligned with the relevant principles. DNV considers the approach to Reporting set out in the Framework to be aligned with the GBP and GLP.

On the basis of the information provided by PON and the work undertaken, it is DNV's opinion that the Framework and Green Loan meet the criteria established in the Protocol and are aligned with the GBP and GLP.

DNV's findings on the alignment with Sustainability-Linked Loan Principles are listed below:

1. **Selection of Key Performance Indicators (KPIs).** DNV confirms that PON's KPIs themes are core, relevant, material, and consistent with the company's overarching sustainability position and strategy. KPIs are to be defined for each SLL

The approach and process for KPI selection, definition, measurability, and verifiability, are deemed to be based on materiality assessment, are robust, reliable and in accordance with the SLLP.

- 2. Calibration of Sustainability Performance Targets (SPTs).** DNV considers the approach to the setting of SPTs set out in the Framework to be reasonable and effective for alignment to the SLLP SPTs are to be defined for each SLL.
- 3. Loan Characteristics.** DNV reviewed the disclosures related to loan characteristics stated in the PON's Sustainable Finance Framework and, in our opinion, the approach to shaping loan characteristics set out in the Framework is appropriate and aligned with the SLLP.
- 4. Reporting.** DNV concludes that the Framework includes the required information on annual reporting of PON's annual performance including measurement, monitoring and reporting of metrics including chosen formats for reporting and meets the requirement as outlined in the SLLP. PON confirms that dedicated reporting will be provided at an annual interval.
- 5. Verification.** DNV confirms that the Framework requires PON to obtain an external review report annually over the performance of the relevant SLLs.

On the basis of the information provided by PON and the work undertaken, it is DNV's opinion that the Framework meets the criteria established in the Protocol and is aligned with the SLLP 2022. DNV notes that not all relevant criteria in the SLLP can be assessed at the Framework level and that PON has committed to have independent external review on all SLLs entered into under the Framework.

In consideration of the Climate Transition Finance Handbook 2020:

- 1. Issuer's climate transition strategy and governance** DNV 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 found the transition plan to be credible, ambitious and achievable.
- 2. Business model environmental materiality** DNV 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 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 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 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's opinion that the Sustainability Financing Framework is aligned with the criteria of the CTFH.



for DNV Business Assurance Australia Pty. Ltd.

Sydney, Australia / 15 March 2023

A handwritten signature in black ink, appearing to be "MR", written over a horizontal line.

Mark Robinson
Team Leader

A handwritten signature in black ink, appearing to be "DMC", written over a horizontal line.

David McCann
Technical Reviewer



Schedule 1: PoN green instrument eligibility criteria, environmental objectives and UN SDG alignment

Eligible Category	SDG Alignment	Environmental Objectives	Potential Projects
Renewable Energy	SDG 7 SDG 9 SDG 13	Increase onsite renewables and investment in offsite renewables. Climate change mitigation	<ul style="list-style-type: none"> Onsite renewables projects Power Purchase Agreements
Energy Efficiency	SDG 7 SDG 9	Use of low emission technology and equipment. Climate change mitigation	<ul style="list-style-type: none"> LED lighting Efficient building design/upgrades Automated and electric plant and equipment Energy storage, including batteries
Pollution Prevention and Control	SDG 9 SDG 12 SDG 15 SDG 14	Stormwater management Waste management	<ul style="list-style-type: none"> Water sensitive urban design in new developments Projects that reduce the ability for litter debris to enter waterways Wastewater detention works Projects for soil remediation Projects for waste reduction and recycling Projects for the reduction of air emissions, greenhouse gas control
Green Buildings	SDG7 SDG9 SDG 11 SDG 13	Resource efficiency Climate change mitigation Reduced embodied carbon	<ul style="list-style-type: none"> Office buildings with a 5-Star or higher rating from the Green Building Council of Australia (or equivalent under an alternative rating system). Warehousing with a 4-Star or higher rating from the Green Building Council of Australia (or equivalent under an alternative rating system). ISCA certified infrastructure developments
Clean Transportation	SDG 7 SDG 9	Investment in electric vehicles and supporting infrastructure	<ul style="list-style-type: none"> Electric vehicle charging infrastructure PON fleet transition.

	SDG 11 SDG 13		
Sustainable Water and Wastewater Management	SDG 6 SDG 14	Reduced water consumption Wastewater recovery	<ul style="list-style-type: none"> ▪ Wastewater treatment and recycling ▪ Rainwater capture and reuse ▪ Sustainable urban drainage systems ▪ Flooding mitigation
Climate Change Adaptation	SDG 13	Reduce or avoid damage/disruption Increase water availability	<ul style="list-style-type: none"> ▪ Climate risk assessment ▪ Flooding, sea level rise and tidal inundation mitigations works. ▪ Bushfire risk mitigation
Aquatic and Terrestrial Biodiversity	SDG 14 SDG 15	Minimise impacts on biodiversity	<ul style="list-style-type: none"> ▪ Projects for the protection of coastal, marine and watershed environments ▪ Projects for the protection of terrestrial environments
Eco efficient and or circular economy adapted products/tech/processes	SDG 9 SDG 12	Closing the loop on waste generated and investment in recycled products and materials. Reduced raw material use. Reduced embodied carbon	<ul style="list-style-type: none"> ▪ Investment in asphalt that has recycled content for carpark development.
Environmentally sustainable management of living natural resources and land use	SDG 15	Increase native species	<ul style="list-style-type: none"> ▪ Port landscaping to incorporate drought tolerant native species.

Schedule 2: Eligibility Assessment Protocol

GLP and GBP Eligibility Assessment Protocol

1. Use of proceeds

Ref.	Criteria	Requirements	DNV Findings
1a	Type of Bond or loan	<p>Green Bonds or Loans are any type of instrument made available exclusively to finance or re-finance, in whole or in part, new and/or existing eligible Green Projects. Green loans must align with the four core components of the GLP:</p> <ol style="list-style-type: none"> 1. Use of Proceeds 2. Process for Project Evaluation and Selection 3. Management of Proceeds 4. Reporting 	<p>The PON Sustainability Financing Framework clearly describes Sustainable Financing Transactions that fall within the green bonds and loans category. PON also clarifies that the Framework has been developed based on the GLP and GBP.</p> <p>From the Framework</p> <p><i>PON have developed this Sustainability Financing Framework (SFF) to demonstrate how they intend to enter Sustainability Financing Transaction (SFTs). This SFF has been developed to take two distinct approaches to enable PON to enter both Sustainability Linked Loans (SLLs) and Green Loans and/or Green Bonds, (collectively referred to going forward as Green Instruments).</i></p> <p>DNV confirms these to be in line with the GBP and GLP.</p>
1b	Sustainable Project Categories	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>Eligible project categories presented in the Sustainability Financing Framework by PON are set out in Schedule 1, above.</p> <p>DNV notes that these categories are considered Eligible Categories by the GLP and GBP, and that the PON Sustainability Financing Framework appropriately describes the categories.</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 Issuer.	<p>The Use of Proceeds set out in the Framework is considered by DNV to provide clear environmental benefits through the delivery and operation of the listed project types as follows:</p> <p>Renewable Energy Investments in Renewable Energy generation including onsite and offsite renewable energy generation such as Solar PV is considered to present meaningful GHG mitigation benefits.</p> <p>Energy Efficiency Investments in energy efficiency and related upgrades and equipment is considered to result in lower energy consumption and deliver GHG mitigation benefits.</p>

Ref.	Criteria	Requirements	DNV Findings
			<p>Pollution Prevention and Control Investments under the category of Pollution Prevention and Control such as stormwater or wastemanagement upgrades, reduction of waste products and other measures are considered to deliver meaningful environmental benefits associated with wastes to landfill and waste products to the environment.</p> <p>Clean Transportation DNV confirms that the investment in EV vehicles and infrastructure both is consistent with their commitment to reducing GHG emissions through their operations. DNV considers 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>Sustainable Water and Wastewater Management DNV considers investments associated with sustainable water and wastewater management including projects related to:</p> <ul style="list-style-type: none"> • Reduction in wastewater runoff • Reduction in onsite water consumption <p>To present meaningful benefits associated with water efficiency and wastewater runoff and quality. DNV considers these investments to be aligned with the GLP and GBP and have genuine environmental benefits.</p> <p>Climate Change Adaptation Adaptation investments may include measures to avoid damage and destruction from climate linked weather events and increasing availability or storage of water. DNV considers these investments to be aligned with the GLP and GBP and have genuine climate change adaptation benefits.</p> <p>Green Buildings PON may make investments in Green Buildings and associated upgrades to the built environment on it's property. This may include investments in Green Star rated buildings or other appropriate benchmarks in the Australian market. DNV considers the investment in green buildings to present meaningful GHG mitigation benefits through energy efficiency.</p> <p>Aquatic and Terrestrial Biodiversity</p>

Ref.	Criteria	Requirements	DNV Findings
			<p>Investments in aquatic and terrestrial biodiversity may include conservation or other measures to protect or invest in the enrichment of natural environments at or near the PoN sites. DNV considers investments in conservation of remediation of biodiversity to have meaningful environmental benefits and be aligned with the GLP and GBP.</p> <p>Eco efficient and or circular economy adapted products/tech/processes This is to include investments that close the loop on waste generated and investment in recycled products and materials, reduce raw material consumption and reduce the embodied carbon in materials or equipment used by PON. This is considered to have meaningful circular economy and material efficiency benefits.</p> <p>Environmentally sustainable management of living natural resources and land use Similar to the protection and enhancement of biodiversity, the investment in native species population support and enhancement presents meaningful environmental benefits.</p> <p>The nominated Use of Proceeds categories associated with the Framework set out in Schedule 1 is confirmed by DNV to present meaningful environmental benefits associated with the defined categories and are aligned with the criteria set out in the Framework and the GBP and GLP.</p>
1d	Refinancing Share	In the event that a proportion of the proceeds may be used for refinancing, it is recommended that issuers provide an estimate of the share of financing vs. re-financing, and where appropriate, also clarify which investments or project portfolios may be refinanced.	The Framework indicates that net proceeds of each Green Loan will be managed in the existing financial systems and allocation reporting will include detail on the amounts financed or refinanced.

2. Process for Project Selection and Evaluation

Ref.	Criteria	Requirements	DNV 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"> • A process to determine how the projects fit within the eligible Green and Social Projects categories identified in the GNP or GBP; • The criteria making the projects eligible for using the Green Loan or Green Bond proceeds; and • The environmental sustainability objectives 	<p>DNV viewed the Framework Section Process For Project Evaluation And Selection which describes investment process overview and investment decision-making process. The Framework sets out that all sustainable finance instruments will be related to the Port of Newcastle.</p> <p>The Framework has been developed in compliance with the GBP and GLP by PON to demonstrate how PON intends to enter into sustainable financing transactions.</p> <p>From the Framework</p> <p><i>Project Managers will be required to demonstrate the eligibility of each project in line with the GBP/GLP eligibility categories described in this SFF. Each project will need to have in place a documented business case that captures the following information:</i></p> <ul style="list-style-type: none"> ▪ <i>Main environmental objective of the project</i> ▪ <i>Demonstrated alignment with the relevant UN SDGs</i> ▪ <i>Detail on how the project is aligned with:</i> <ul style="list-style-type: none"> ○ <i>PON's Corporate Strategy</i> ○ <i>PON's ESG Strategy</i> ○ <i>Strategic Port Development Plan; and</i> ○ <i>This SFF</i> ▪ <i>Confirmation that the project does not support any of the exclusions described in Chapter 2 of this SFF</i> <p><i>Additionally, Project Managers will be required to demonstrate any environmental risks for the project have been identified and managed using the Port of Newcastle formal risk policy framework.</i></p> <p>DNV confirms that the process for evaluation and selection described in the PON Framework ensures that the net proceeds of the instruments under the Framework are well aligned with the criteria of the GBP and GLP</p>
2b	Borrower's environmental and governance framework	<p>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 consideration the quality of the Borrower's overall framework and performance regarding environmental sustainability.</p>	<p>DNV 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 to be aligned with and consistent with PON's overarching Sustainability Strategy and Sustainability Objectives. PON's Sustainability key ESG policy areas:</p> <ul style="list-style-type: none"> • Wellbeing, • Curiosity, • Community,

Ref.	Criteria	Requirements	DNV Findings
			<ul style="list-style-type: none"> Integrity <p>PON conducted a comprehensive sustainability strategy based on the values listed above PON is also a Sustainability Advantage Silver corporation, a member of Eco Ports program, has a GRESB rating of 96 for 2019 and conduct Sustainability Reporting under GRI.</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 proactive and positive in the Australian market and represents good practice for the industry in which it operates. From the Framework</p> <p><i>PON's values influence everything they do; how they develop the corporate strategy, how performance is measure, how colleagues are treated and how they approach their work at PON. These are a guiding compass, a north star for everything PON do.</i></p>

3. Management of proceeds

Ref.	Criteria	Requirements	DNV 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>The evidence reviewed shows how PON plans to trace instrument proceeds, in accordance with the evaluation and selection process presented.</p> <p>From the Framework</p> <p><i>As a minimum the Sustainable Finance Projects Register will contain the following information:</i></p> <p><i>Details of the Green Instrument(s):</i></p> <ul style="list-style-type: none"> transaction date, principal amount of proceeds, settlement date, maturity date interest margin or coupon, ISIN (where relevant). <p><i>Details of Use of Proceeds:</i></p> <ul style="list-style-type: none"> Summary detail of Eligible Green Projects Estimated environmental impact (where available) Confirmation of internal approval of each Eligible Green Project

Ref.	Criteria	Requirements	DNV Findings
			<ul style="list-style-type: none"> ▪ Amount of Green Instrument proceeds allocated to each Eligible Green Project category ▪ Aggregate amount of Green Instrument proceeds allocated to each Eligible Green Project and to eligible Green Projects in aggregate. ▪ Amount of Green Instrument proceeds yet to be allocated. <p>The proposed tracking procedure is considered appropriate and in line with the criteria of the GBP and GLP.</p>
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.	<p>PON commits to monitor the allocation of net proceeds and track the net proceeds through its Sustainable Finance Projects Register.</p> <p>From the Framework <i>PON's the Sustainable Finance Projects Register will be managed and maintained as part of its financial system.</i></p> <p>DNV confirms that the tracking procedure committed to by PON is well aligned with the criteria of the GBP and GLP.</p>
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.	<p>PON have confirmed that each Green Loan will be managed in existing financial systems. These will contain the details of the use of proceeds, including any unallocated proceeds not yet earmarked against projects or assets.</p> <p>From the Framework <i>Pending application to Eligible Green Projects, the net proceeds of each Green Instrument (or an amount equal to those net proceeds) will be classified as undrawn. 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.</i></p> <p>DNV confirms this is procedure is well aligned with the criteria of the GBP and GLP.</p>

4. Reporting

Ref.	Criteria	Requirements	DNV Findings
4a	Periodical reporting	In addition to reporting on the use of proceeds and the temporary investment of unallocated proceeds, Borrowers should	<p>PON commits to sharing a Report on an annual basis to the extent that PON has Green instruments outstanding. The report will include details of use of proceeds of its instruments</p> <p>From the Framework</p>

Ref.	Criteria	Requirements	DNV Findings
		<p>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>	<p><i>Information presented in the Annual Sustainability Report and Green Instrument Verification report will contain the following details:</i></p> <ul style="list-style-type: none"> • <i>Summary overview of any Green Instruments issued or drawn in the reporting period. Key information will include the transaction date, principal amount of proceeds, settlement date, maturity date, and interest rate or coupon, the ISIN (where relevant).</i> • <i>A list of Eligible Green Projects including any projects with partial eligibility (proceeds may or may not have been allocated)</i> • <i>An explanation of any assumptions relating to projects with partial eligibility</i> • <i>Allocation of proceeds to Eligible Green Projects. Key information will include the amount of proceeds allocated to the various Eligible Green Projects, a description of the Eligible Green Projects including the expected environmental impacts of the project.</i> • <i>Where information is available the estimated lifetime results and/or the projects economic life (in years)</i> • <i>The aggregate amount of Green Instrument proceeds allocated</i> • <i>The aggregate amount of Green Instrument proceeds yet to be allocated.</i> <p><i>Projects can be removed from the annual reports when no allocations to eligible disbursements have taken place in the reporting period or after the underlying loans have been repaid.</i></p> <p><i>Where possible, PON will provide qualitative and/or quantitative reporting of the environmental and/or social impacts resulting from the projects. Subject to the availability and confidentiality of information, PON will look to utilise the ICMA 2022 Harmonised Framework for Impact Reporting handbook.</i></p> <p>The proposed reporting is considered to be well aligned with the criteria of the GBP and GLP and reasonably covers the key aspects of the transaction. DNV notes that a range of impact reporting is reasonable and appropriate for the nominated Use of Proceeds. DNV considers the proposed reporting by PON to be reasonable in context and well aligned with the GBP and GLP.</p>

SLLP Eligibility Assessment Protocol

1. Selection of Key Performance Indicators (KPIs)

Ref.	Criteria	Requirements	DNV Findings
1a	KPI – material to core sustainability and business strategy	<p>The Borrower’s sustainability performance is measured using sustainability KPIs that can be external or internal.</p> <p>The KPIs should be material to the Borrower’s core sustainability and business strategy and address relevant environmental, social and/or governance challenges of the industry sector and be under management’s control.</p> <p>The KPI should be of high strategic significance to the Borrower’s current and/ or future operations.</p> <p>It is recommended that the Borrower communicate clearly to lenders the rationale and process according to which the KPI(s) have been selected and how the KPI(s) fit into their sustainability strategy.</p>	<p>DNV has reviewed PON’s proposed approach to selecting KPIs for prospective SLLs including themes around:</p> <ul style="list-style-type: none"> • Decarbonisation • Biodiversity • Resource Management • Climate Change • Diversity and Inclusion • Health and Wellness • Social Licence • Compliance <p>and can confirm that the chosen KPI themes are material and relevant to the company’s core sustainability and business strategy.</p>
1b	KPI - Measurability	<p>KPIs should be measurable or quantifiable on a consistent methodological basis; externally verifiable; and able to be benchmarked, i.e. as much as possible using an external reference or definitions to facilitate the assessment of the SPTs level of ambition.</p> <p>Borrowers are encouraged, when possible, to select KPI(s) that they have already been included in their previous annual reports, sustainability reports or other non-financial reporting disclosures to allow investors to evaluate historical performance of the KPIs selected. In situations where the KPIs have not been previously disclosed, Borrowers</p>	<p>KPI metrics are to be defined on a loan by loan basis and subject to external review.</p>

Ref.	Criteria	Requirements	DNV Findings
		should, to the extent possible, provide historical externally verified KPI values covering at least the previous 3 years.	
1c	KPI – Clear definition	A clear definition of the KPI(s) should be provided and include the applicable scope or perimeter as well as the calculation methodology	KPI definitions are to be defined on a loan by loan basis and subject to external review.

2. Calibration of Sustainability Performance Targets (SPTs)

Ref.	Criteria	Requirements	DNV Findings
2a	Target Setting - Meaningful	The SPTs should be ambitious, realistic and meaningful to the Borrower’s business and be consistent with the Borrowers’ overall strategic sustainability/ESG strategy	<p>DNV confirms that the SPTs to be set on a loan by loan basis and subject to external review.</p> <p>From the Framework <i>Ambitious KPIs and SPTs will be agreed with PON’s lenders for each SLL on a case-by-case basis.</i> <i>When entering a new SLL, PON and its lender(s) will agree on the appropriate information to be incorporated into the documentation for that SLL, including the items below:</i></p> <ul style="list-style-type: none"> • a set of KPIs and associated SPTs • the respective methodology and baselines for those SPTs • where there is data available, PON will provide at least three years of measurement track record on the selected KPIs. • where there is information available, the SPTs relative positioning to PONs industry peers • reference to science and/or official country/regional/international targets • if relevant, in what situations recalculations or pro-forma adjustments of baselines will be required • frequency of measurement of SPTs (expected to be annually) • timeline for measurement and reporting of sustainability performance • incentives applicable after SPTs are achieved.
2b	Target Setting - Meaningful	SPTs should represent a material improvement in the respective KPIs and be beyond a “Business as Usual” trajectory; where possible be compared to a benchmark or an external reference and be determined on	<p>DNV confirms that the SPTs to be set on a loan by loan basis and subject to external review.</p> <p>From the Framework <i>Ambitious KPIs and SPTs will be agreed with PON’s lenders for each SLL on a case-by-case basis.</i></p>

Ref.	Criteria	Requirements	DNV Findings
		<p>a predefined timeline, set before (or concurrently with) the issuance of the Loan.</p>	<p><i>When entering a new SLL, PON and its lender(s) will agree on the appropriate information to be incorporated into the documentation for that SLL, including the items below:</i></p> <ul style="list-style-type: none"> • <i>a set of KPIs and associated SPTs</i> • <i>the respective methodology and baselines for those SPTs</i> • <i>where there is data available, PON will provide at least three years of measurement track record on the selected KPIs.</i> • <i>where there is information available, the SPTs relative positioning to PONs industry peers</i> • <i>reference to science and/or official country/regional/international targets</i> • <i>if relevant, in what situations recalculations or pro-forma adjustments of baselines will be required</i> • <i>frequency of measurement of SPTs (expected to be annually)</i> • <i>timeline for measurement and reporting of sustainability performance</i> • <i>incentives applicable after SPTs are achieved.</i>
<p>2c</p>	<p>Target Setting – benchmarks</p>	<p>The target setting exercise should be based on a combination of benchmarking approaches:</p> <ol style="list-style-type: none"> 1. The Borrower’s own performance over time for which a minimum of 3 years, where feasible, of measurement track record on the selected KPI(s) is recommended and when possible forward-looking guidance on the KPI 2. The SPTs relative positioning versus the Borrower’s peers where comparable or available, or versus industry or sector standards 3. Systematic reference to science-based scenarios, or absolute levels (e.g. carbon budgets) or official country/regional/international targets or to recognised Best-Available-Technologies or other proxies 	<p>DNV confirms that the SPTs to be set on a loan by loan basis and subject to external review.</p> <p>From the Framework</p> <p><i>Ambitious KPIs and SPTs will be agreed with PON’s lenders for each SLL on a case-by-case basis.</i></p> <p><i>When entering a new SLL, PON and its lender(s) will agree on the appropriate information to be incorporated into the documentation for that SLL, including the items below:</i></p> <ul style="list-style-type: none"> • <i>a set of KPIs and associated SPTs</i> • <i>the respective methodology and baselines for those SPTs</i> • <i>where there is data available, PON will provide at least three years of measurement track record on the selected KPIs.</i> • <i>where there is information available, the SPTs relative positioning to PONs industry peers</i> • <i>reference to science and/or official country/regional/international targets</i> • <i>if relevant, in what situations recalculations or pro-forma adjustments of baselines will be required</i> • <i>frequency of measurement of SPTs (expected to be annually)</i> • <i>timeline for measurement and reporting of sustainability performance</i> • <i>incentives applicable after SPTs are achieved.</i>
<p>2d</p>	<p>Target setting – disclosures</p>	<p>Disclosures on target setting should make clear reference to:</p> <ol style="list-style-type: none"> 1. the timelines for the target achievement, including the target 	<p>DNV confirms that the SPTs to be set on a loan by loan basis and subject to external review.</p> <p>From the Framework</p>

Ref.	Criteria	Requirements	DNV Findings
		observation date(s)/ period(s), the trigger event(s) 2. and the frequency of review of the SPTs 3. Where relevant, the verified baseline or reference point selected for improvement of KPIs as well as the rationale for that baseline or reference point to be used 4. Where relevant, in what situations recalculations or pro-forma adjustments of baselines will take place 5. Where possible and taking into account competition and confidentiality considerations, how the Borrower intends to reach such SPTs	<p><i>Ambitious KPIs and SPTs will be agreed with PON's lenders for each SLL on a case-by-case basis.</i></p> <p><i>When entering a new SLL, PON and its lender(s) will agree on the appropriate information to be incorporated into the documentation for that SLL, including the items below:</i></p> <ul style="list-style-type: none"> • <i>a set of KPIs and associated SPTs</i> • <i>the respective methodology and baselines for those SPTs</i> • <i>where there is data available, PON will provide at least three years of measurement track record on the selected KPIs.</i> • <i>where there is information available, the SPTs relative positioning to PONs industry peers</i> • <i>reference to science and/or official country/regional/international targets</i> • <i>if relevant, in what situations recalculations or pro-forma adjustments of baselines will be required</i> • <i>frequency of measurement of SPTs (expected to be annually)</i> • <i>timeline for measurement and reporting of sustainability performance</i> • <i>incentives applicable after SPTs are achieved.</i>

3. Loan Characteristics

Ref.	Criteria	Requirements	DNV Findings
3a	Loan Characteristics – SPT Financial/structural impact	The SLL will need to include a financial and/or structural impact based on whether the KPI(s) reach the predefined SPT(s).	PON has communicated to DNV the structure and function of the SLL mechanism will be determined on a case by case basis for each SLL.

4. Reporting

Ref.	Criteria	Requirements	DNV Findings
4a	Reporting	Borrowers of SLLs should publish, and keep readily available and easily accessible:	PON has outlined in the Framework the commitments associated with Reporting on Sustainability-Linked instruments.

Ref.	Criteria	Requirements	DNV Findings
		<ol style="list-style-type: none"> Up-to-date information on the performance of the selected KPI(s), including baselines where relevant A verification assurance report relative to the SPT outlining the performance against the SPTs and the related impact, and timing of such impact, on the Loan's financial and/or structural characteristics Any information enabling lenders to monitor the level of ambition of the SPTs <p>This reporting should be published regularly, at least annually, and in any case for any date/period relevant for assessing the SPT performance leading to a potential adjustment of the SLL's financial and/or structural characteristics.</p>	<p>From the Framework</p> <p><i>PON will make and keep readily available up to date information relating to its KPIs and performance against its SPTs within the PON internal record keeping system.</i></p> <p><i>On an annual basis, PON will submit an annual report to the lender(s) under each SLL, which provides evidence of performance against each SPT. To support its annual report, PON will also seek third party assurance from an appropriate review provider to demonstrate compliance to its Lenders. This will be presented in the form of an SLL Annual Verification Report provided to the relevant lenders under each SLL.</i></p> <p><i>On an annual basis until all Sustainability Linked Loans are fully and finally repaid, PON's performance against the KPIs underpinning its SPTs will be reported in PON's annual Sustainability Report and made available on its public website.</i></p>

4. Verification

Ref.	Criteria	Requirements	DNV Findings
5a	External Verification	Borrowers should have its performance against each SPT for each KPI independently verified by a qualified external reviewer with relevant expertise, at least once a year.	DNV confirms that PON has committed in their Framework to obtain external and independent verification of its annual KPI performance relative to the SPTs and share the same with lenders for each SLL.

CTFH Eligibility Assessment Protocol

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
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"> - PON Green Financing Framework - PON Sustainability Strategy - PON Project and Performance data Correspondence with PON management	<p>PON has in place a Sustainability 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 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 found the transition plan to be credible, ambitious and achievable.</p>
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"> - PON Green Financing Framework - PON Sustainability Strategy - PON Project and Performance data Correspondence with PON management	<p>DNV 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.</p> <p>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.</p> <p>DNV found that the climate transition focus of the PON business was central to its core operations delivering both environmental and social</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<p>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.</p>
3	<p>Transition is science-based including targets and pathway</p>	<p>Issuer's climate strategy should reference science-based targets and transition pathways. The planned transition trajectory should:</p> <ul style="list-style-type: none"> • be quantitatively measurable (based on a measurement methodology which is consistent over time); • be aligned with, benchmarked or otherwise referenced to recognized, science-based trajectories where such trajectories exist; • be publicly disclosed (ideally in mainstream financing filings), include interim milestones, and; • be supported by independent assurance or verification. 	<p>Review of:</p> <ul style="list-style-type: none"> - PON Green Financing Framework - PON Sustainability Strategy - PON Project and Performance data <p>Correspondence with PON management</p>	<p>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.</p> <p>DNV 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.</p>
4	<p>Implementation transparency</p>	<p>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.</p>	<p>Review of:</p> <ul style="list-style-type: none"> - PON Green Financing Framework - PON Sustainability Strategy - PON Project and Performance data <p>Correspondence with PON management</p>	<p>DNV 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 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.</p>



About DNV

Driven by our purpose of safeguarding life, property and the environment, DNV 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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