



LeasePlan

# Green Bond Framework

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## 1.0 Introduction

*“Climate change is one of the biggest issues we face today and transport is one of the biggest contributors. As a leasing company with 1.8 million cars on the road, we have a responsibility to do everything we can to support the development of a more sustainable transport system. Our aim is to help create healthier environments in our towns and cities by promoting cleaner, low-emission vehicles and the infrastructure required to make these cars a viable option for our customers. We’ve set ourselves the goal of achieving net zero emissions from our total fleet by 2030, supporting the effective implementation of the Paris Agreement and climate-related UN Sustainable Development Goals.*

*Our strategy to achieve this has three key elements. Firstly, we are helping our customers to go electric by offering ‘full package’ EV solutions, for example by working closely together with charging specialist Allego. Secondly, via our partnership with Land Life Company, we are offering carbon neutral contracts, as the transition to zero-emission fleets won’t happen overnight. Thirdly, we are also transitioning our LeasePlan employee fleet to electric vehicles, with the aim of being fully electric by 2021.*

*With the launch of the LeasePlan Green Bond Framework and the issuance of Green Bonds, we will further finance the purchase of battery EVs, speeding up the transition to electric driving and helping to tackle climate change. Besides, the LeasePlan Green Bond Framework is underlining our commitment to taking a leadership role in the transition from internal combustion engines to alternative powertrains.”*

**Tex Gunning,**

**CEO LeasePlan**



## 1.1 About LeasePlan

LeasePlan operates two leading businesses, with 1.8 million vehicles under management in over 30 countries. Across these countries, LeasePlan purchases, funds and manages vehicles for its customers, providing a complete end-to-end service through two core businesses.

### Car-as-a-Service

LeasePlan’s Car-as-a-Service (“CaaS”) business purchases, funds and manages new vehicles for customers, providing a complete end-to-end service for a typical contract duration of three to four years.

### CarNext.com

CarNext.com is a fast growing digital pan-European marketplace for high-quality used cars supplied by vehicles from LeasePlan’s CaaS business as well as third-party suppliers. CarNext.com customers can buy, lease or subscribe to high-quality used cars available on its marketplace together with extensive ancillary services through a seamless end-to-end solution combining both online and offline presence.

Car-as-a-Service		
<b>Purchasing</b> <hr/> Vehicle purchasing	<b>Financing</b> <hr/> Financing solutions with or without services attached	<b>Fleet management</b> <hr/> Best-in-class fleet management, Consultancy services
<b>Maintenance Management (RMT)</b> <hr/> Access to large network of third party service providers for repair maintenance and tyres	<b>Insurance and damage handling</b> <hr/> Third party motor insurance coverage and own damage insurance. Accident management and claim handling services	<b>Fuel, accident and rental management</b> <hr/> Fuel management, roadside assistance, replacement of vehicle, access to large network of third party providers.
<b>CarNext.com</b> <hr/> <b>High-quality used cars</b> <hr/> Access to large network of third party service providers for repair maintenance and tyres		

With over 50 years’ experience, LeasePlan is strategically placed to operate in an industry at the crossroads of a rapid and far-reaching transformation. Automotive manufacturers are responding to the challenges of the Paris Agreement and to ever-greater demands for safer, more efficient and cleaner vehicles, while national and local authorities look to enhance mobility, reduce congestion levels and harmful pollutants.

Recognising that achieving the targets set by the Paris Agreement requires immediate action, LeasePlan has taken a leadership role in the transition from internal combustion engines to alternative powertrains in support of the Paris Agreement and the climate-related Sustainable Development Goals. LeasePlan’s commitment is to achieve net zero emissions from the total fleet by 2030 by facilitating the uptake of low- and zero-emission vehicles in customers’ fleets. LeasePlan is also in the process of transitioning their own employee fleet to a fully electric vehicle fleet by 2021.

## 2.0 Approach to sustainability

LeasePlan's commitment to sustainability is not viewed as an optional add-on to current business activities but as a vital enabler of the overall strategy towards all stakeholder groups.

Outlined within the sustainability strategy are the decisive steps being taken to deliver *what's next* in sustainability, in alignment with the broad environment, social and governance interests of key stakeholders.

### 2.1 LeasePlan's three sustainability imperatives

The LeasePlan Sustainability Strategy is broadly based on the following three strategic imperatives:

1. Low-emission mobility
2. Reduce environmental impact
3. Societal wellbeing

#### 1. *Helping to shape the future of low-emission mobility*



Access to clean, safe and affordable automotive transportation is essential to the effective functioning of cities, society and economy. As a responsible company, LeasePlan is committed to taking a leadership role in the transition from internal combustion engines to alternative powertrains. LeasePlan has set the ambitious goal of working towards net zero emissions from the total fleet by 2030, supporting the effective implementation of the Paris Agreement and climate-related UN Sustainable Development Goals. LeasePlan's aim is to help create healthier environments in towns and cities by promoting cleaner, low-emission vehicles and the infrastructure required to make these cars a viable option for customers.

#### Key focus areas:

- To lead by example, LeasePlan is committed to transition its employee fleet to a 100% electric vehicle fleet by 2021
- Training LeasePlan commercial staff to ensure they can provide up-to-date advice and guidance to customers on low-emission mobility
- Advocating the implementation of policies to encourage the adoption of low-emission mobility via organisations including the World Economic Forum and The Climate Group's EV100 initiative
- Rolling out LeasePlan's new electric vehicle proposition to customers across Europe. The end-to-end solution includes vehicles, charging infrastructure including payment cards and high-impact carbon offsetting to make it as easy as possible for LeasePlan customers to make the switch to low-emission mobility

## 2. Reduce overall environmental impact



LeasePlan’s efforts to fight climate change does not only focus on transitioning the fleet to low and zero emission vehicles. They will also put effort in reducing energy consumption across all LeasePlan operations and increasing the amount of renewable energy used.

### Key focus areas:

- Reducing energy consumption in office buildings, ICT and other facilities
- Transitioning to suppliers of renewable energy wherever possible
- Reducing waste and water consumption wherever possible in LeasePlan buildings. Progress here will be reported and aligned with the Carbon Disclosure Standards Board

## 3. Strengthen contribution to societal wellbeing



As one of the world’s largest CaaS companies and as an employer of over 7,000 people in more than 30 countries, LeasePlan has an important opportunity to strengthen societal wellbeing among both its employees and the communities it serves. LeasePlan are currently introducing a number of new programmes and initiatives in this important area.

### Key focus areas:

- Supporting the development of a diverse and inclusive workplace via the consistent implementation of a renewed company-wide Diversity & Inclusion policy
- Rolling out road safety programmes for customers and employees focused on an Active Prevention five-step approach
- Keeping the Code of Conduct updated and alive by embedding it introduction trainings, e-learning and sending a refresher out to all staff for the annual declaration. The code of conduct addresses the values, business principles and ethical standards that LeasePlan wants every employee to live up to (e.g. respecting Human Rights)
- Applying the Supplier Code of Conduct to ensure all suppliers act in accordance with LeasePlan’s high ethical standards and all applicable laws
- Implementing business-relevant charitable and Corporate Social Responsibility (“CSR”) activities
- Ensuring the deployment of an up-to-date Occupational Health & Safety policy across LeasePlan

## 2.2 Sustainability strategy

The basis of the strategy is clear governance, consistent reporting and an open stakeholder dialogue.

To oversee the implementation plan and monitor progress, LeasePlan has created a cross-functional Task Force that meets on a bi-monthly basis. To give further strategic direction and ensure the alignment with LeasePlan's overall strategy, a Sustainability Steering Committee, chaired by the Chief Risk Officer, who is a member of the Managing Board has been created. The Steering Committee meets on a quarterly basis.

## 3.0 Rationale for Green Bond issuance

Transport is the second largest contributor to global greenhouse gas ("GHG") emissions after electricity generation; responsible for 23% of all energy-related CO<sub>2</sub> emissions globally and 14% of total GHG emissions<sup>1</sup>. Road transportation for passengers and freight remains the primary source of emissions in the sector, responsible for 73% of CO<sub>2</sub> emissions from all transport<sup>1</sup>.

***"Around half the cars on the road today belong to companies and a move towards cleaner fleets would be one of the best ways to reduce global emissions"***

**Tex Gunning , CEO LeasePlan**

Providing solutions to address the issue of transportation-related contributions to GHG is particularly important for Fleet Management Companies (FMC), as their customers seek to ensure that their actions are socially responsible and the use of cars is efficient and sustainable.

This is an opportunity for LeasePlan to provide advisory services and additional technology-enabled tools to ensure customers are getting the most out of their car fleets, whilst minimising emissions. Although electric vehicles, including plug-in hybrid vehicles and battery only powered electric vehicles, represent a small part of the car market today, greater adoption in low and zero emission vehicles is expected as stricter emission regulations are implemented and technological developments reduce the cost of production.

Electric vehicles are expected to provide new opportunities for FMC, including potential for separation of financing of the battery from the car (facilitating technology upgrades) and energy management.

Through issuance of green bonds, LeasePlan wishes to underline its commitment to taking a leadership role in the transition from internal combustion engines to alternative powertrains.


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<sup>1</sup> Sims R. et al. (2014) Transport. In: Climate Change 2014: Mitigation of Climate Change. Contribution of Working Group III to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change, Climate Bonds Initiative Low Carbon Transport Background Paper February 2017.

## 4.0 Alignment with the Green Bond Principles

The LeasePlan Green Bond Framework is aligned with the 'Green Bond Principles'<sup>2</sup> four core components:

1. Use of proceeds
2. Process for project evaluation and selection
3. Management of proceeds
4. Reporting

<b>Eligible Green Project Category</b>	<ul style="list-style-type: none"> <li>• Clean transportation</li> </ul>
<b>Eligible Projects</b>	<ul style="list-style-type: none"> <li>• Financing the acquisition of Battery Electric Vehicles (EVs)<sup>3</sup></li> </ul>
<b>Examples of existing LeasePlan initiatives</b>	<ul style="list-style-type: none"> <li>• Partnership with SAIC Mobility Europe to supply SAIC Maxus EV80 large electric Light Commercial Vehicles (LCV) to customers</li> <li>• Collaboration with Dutch scale-up Lightyear, the first electric car with integrated solar cells.</li> </ul>
<b>Impact Reporting Metrics</b>	<ul style="list-style-type: none"> <li>• Annual average fleet carbon intensity, gCO<sub>2</sub>/km</li> <li>• Estimated annual CO<sub>2</sub> emissions avoided<sup>4</sup></li> </ul>
<b>UN Sustainable Development Goals</b>	

<sup>2</sup><https://www.icmagroup.org/green-social-and-sustainability-bonds/>

<sup>3</sup> Other zero-carbon emissions technologies such as solar-powered vehicles may be considered as Eligible Vehicles in future, details of any such inclusion will be incorporated into an updated Green Bond Framework and accompanying Second Party Opinion.

<sup>4</sup> Reporting of impact metrics such as carbon emissions avoided will be subject to availability of suitably reliable data. LeasePlan intends to appoint a technical advisor to advise on the collection and reporting of suitable data.



## 4.1 Use of proceeds

An amount equivalent to the net proceeds of the LeasePlan Green Bond issuance will be exclusively used to finance or refinance “Eligible Vehicles” that contribute to the development of clean transportation and the transition to a low carbon future.

It is anticipated that LeasePlan’s Green Bonds will support the achievement of the United Nations Sustainable Development Goals “Good Health and Well-Being” (SDG 3), “Industry, Innovation and Infrastructure” (SDG 9), “Sustainable Cities and Communities” (SDG 11), and “Climate Action” (SDG 13).

‘Eligible Vehicles’ are defined as: electric vehicles. These are vehicles that meet the criteria of ‘Green’ under the Climate Bonds Standard and Certification (traffic light) scheme.<sup>5</sup>

## 4.2 Process for project evaluation and selection

For the purposes of a LeasePlan Green Bond, ‘Project’ refers to the commitment to increase the proportion of Eligible Vehicles within the LeasePlan fleet, therefore no additional process is anticipated to be required for the purposes of evaluation and selection.

Monitoring to ensure that allocations are made solely for the purposes of acquiring Eligible Vehicles will be the responsibility of the LeasePlan Sustainability Steering Committee.

The LeasePlan Sustainability Steering Committee is chaired by the Chief Risk Officer and is comprised of senior management from Commerce, Procurement, Human Relations, Investor Relations and LeasePlan Nederland N.V.

The mandate of the LeasePlan Sustainability Steering Committee is to oversee CSR implementation and to provide strategic guidance. The committee meets quarterly and more regularly if required.

### 1. Funding exclusions:

‘Eligible Vehicles’ included in the portfolios of ‘LeasePlan Subsidiaries’ who do not receive direct funding from within the LeasePlan group will be excluded.

A ‘LeasePlan Subsidiary’ means an operating company, which originates leases, of which LeasePlan Corporation N.V. has direct or indirect control, or owns directly or indirectly more than 50 per cent. of the voting capital or similar right of ownership.

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<sup>5</sup> <https://www.climatebonds.net/files/files/Low%20Carbon%20Transport%20Background%20Paper%20Feb%202017.pdf>

## 2. Environmental exclusions:

Vehicles which do not meet the definition of 'Eligible Vehicle' will be automatically excluded from the portfolio of assets available to allocate against the net proceeds of a LeasePlan Green Bond.

For the avoidance of doubt, vehicles with the following powertrains are excluded:

- Conventional Internal Combustion Engines (ICEs)
- Hybrid Electric, including Plug-in Hybrid Electric Vehicles (PHEVs)
- Liquefied Petroleum Gas (LPG)
- Compressed Natural Gas (CNG)
- Ethanol
- Biofuels

### 4.3 Management of proceeds

The net proceeds of a LeasePlan Green Bond will be managed on a portfolio basis at LeasePlan Treasury, the centralised funding centre of LeasePlan.

The purchase of 'Eligible Vehicles' by LeasePlan or any of its Subsidiaries will be recorded and tracked centrally via internal reporting systems, in line with LeasePlan's periodic (monthly) reporting requirements. A dedicated member of LeasePlan Treasury's International Funding team along with LeasePlan's CSR function will validate the centrally reported purchases and allocate the purchases to the proceeds of a LeasePlan Green Bond.

Oversight of the Management of Proceeds will be provided by the LeasePlan Sustainability Steering Committee. LeasePlan Treasury and CSR will report to the LeasePlan Sustainability Steering Committee on a quarterly basis, the allocated and unallocated proceeds of any LeasePlan Green Bond (€, %).

LeasePlan will consider, for the purposes of allocation, expenditure relating to the acquisition of Eligible Vehicles which has occurred within the 24-month period preceding the date of any LeasePlan Green Bond issuance, and/or within the 24-month period following the date of any LeasePlan Green Bond issuance. It is LeasePlan's intention to ensure on a best efforts basis that an amount equal to the net proceeds raised will be allocated to the acquisition of Eligible Vehicles within 24 months from the date of any LeasePlan Green Bond issuance.

Unallocated proceeds will be held at LeasePlan Treasury in cash or short term investments, in line with the risk appetite of LeasePlan.

## 4.4 Reporting

In accordance with the Green Bond Principles, LeasePlan will provide an annual update throughout the life of the LeasePlan Green Bonds. It is expected that information on the Allocation of Proceeds and Impact Reporting will be made available in such annual update.



### Allocation of Proceeds:

It is LeasePlan's intention to allocate LeasePlan Green Bond proceeds approximately 50% to historical expenditure on Eligible Vehicles and 50% to planned future expenditure on Eligible Vehicles, to be achieved on a best efforts basis.

LeasePlan will provide a breakdown on the allocation of the proceeds of the LeasePlan Green Bonds to the purchase of 'Eligible Vehicles'. This breakdown will be separated into:

- Allocated Proceeds (% , €)
- Unallocated Proceeds (% , €)



### Impact Reporting:

Subject to the availability of suitable data, LeasePlan intends to also report the following metrics:

- Weighted average fleet carbon intensity, based on vehicle manufacturer's data concerning engine carbon emissions per kilometre travelled.
- Estimate of CO<sub>2</sub> emissions avoided as a result of increasing the proportion of Eligible Vehicles in the LeasePlan vehicle fleet.

## 4.5 External review

### Second Party Opinion:

A Second Party Opinion on the LeasePlan Green Bond Framework has been provided by Sustainalytics and is available on the Sustainalytics website<sup>6</sup>.

### Verification:

An external reviewer will perform a compliance review on an annual basis, to ensure the proceeds of the LeasePlan Green Bond are being used as outlined in the LeasePlan Green Bond Framework under the use of proceeds section (see 4.1).

<sup>6</sup> <https://www.sustainalytics.com/wp-content/uploads/2019/02/LeasePlan-Green-Bond-Second-Party-Opinion.pdf>

## Disclaimer

*The information and opinions contained in this LeasePlan Green Bond Framework are provided as at the date of this document and are subject to change without notice. None of LeasePlan Corporation N.V. or any of its Subsidiaries ("LP") assume any responsibility or obligation to update or revise such statements, regardless of whether those statements are affected by the results of new information, future events or otherwise.*

*This LeasePlan Green Bond represents current LP policy and intent, is subject to change and is not intended nor can be relied on, to create legal relations, rights or obligations.*

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*Any decision to purchase any bonds should be made solely on the basis of the information to be contained in any offering document produced in connection with the offering of such bonds.*

*Prospective investors are required to make their own independent investment decisions.*

*No representation is made as to the suitability of any bonds to fulfil environmental and sustainability criteria required by prospective investors. Each potential purchaser of bonds should determine for itself the relevance of the information contained or referred to in this LeasePlan Green Bond Framework or the relevant bond documentation for such bonds regarding the use of proceeds and its purchase of bonds should be based upon such investigation as it deems necessary.*

*LeasePlan Corporation N.V. has set out its intended policy and actions in this Framework in respect of use of proceeds, project evaluation and selection, management of proceeds and investor reporting, in connection with bonds. However, it will not be an event of default or breach of contractual obligations under the terms and conditions of any bonds if LeasePlan Corporation N.V. fails to adhere to this LeasePlan Green Bond Framework, whether by failing to fund or complete eligible green projects or to ensure that proceeds do not contribute directly or indirectly to the financing of the excluded activities as specified in this LeasePlan Green Bond Framework, or by failing (due to a lack of reliable information and/or data or otherwise) to provide investors with reports on uses of proceeds and environmental impacts as anticipated by this LeasePlan Green Bond Framework, or otherwise.*

*In addition, it should be noted that all of the expected benefits of the projects as described in this LeasePlan Green Bond Framework may not be achieved. Factors including (but not limited to) market, political and economic conditions, changes in government policy (whether with a continuity of the government or on a change in the composition of the government), changes in laws, rules or regulations, the lack of available suitable projects being initiated, failure to complete or implement projects and other challenges, could limit the ability to achieve some or all of the expected benefits of these initiatives, including the funding and completion of eligible green projects. In addition, each environmentally focused potential purchaser of bonds should be aware that eligible green projects may not deliver the environmental or sustainability benefits anticipated, and may result in adverse impacts.*

*On this basis, all and any liability, whether arising in tort, contract or otherwise which any purchaser of LeasePlan Corporation N.V. bonds or any other person might otherwise have in respect of this LeasePlan Green Bond Framework or any LeasePlan Corporation N.V. bonds as a result of any failure to adhere to or comply with this LeasePlan Green Bond Framework is hereby disclaimed.*

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