

# Second-Party Opinion

## NIBC Sustainable Finance Framework



### Evaluation Summary

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



**USE OF PROCEEDS** The eligible categories for the use of proceeds are aligned with those recognized by both the Green Bond Principles and Social Bond Principles. Sustainalytics considers the eligible categories, namely (i) Access to Essential Services, (ii) Affordable Housing, (iii) Employment Generation, (iv) Cultural Heritage, (v) Socioeconomic Advancement and Empowerment, (vi) Renewable Energy, (vii) Energy Efficiency, (viii) Green Buildings, (ix) Clean Transportation, (x) Pollution Prevention and Control, and (xi) Sustainable Agriculture, to have positive environmental or social impacts and to advance UN Sustainable Development Goals 2, 4, 5, 7, 8 and 11.



**PROJECT EVALUATION / SELECTION** NIBC's internal process for evaluating and selecting projects is overseen by NIBC's Senior Sustainability Officer. Projects are evaluated and selected based on compliance with the eligibility criteria outlined in the Framework. This process is aligned with market practice.



**MANAGEMENT OF PROCEEDS** NIBC's processes for management of proceeds is handled by the Asset and Liability Committee. Sustainability loan proceeds will be credited to a dedicated account and tracked by the borrower. Where a sustainability loan takes the form of one or more tranches of a loan facility, each tranche must be clearly designated, with the proceeds of each tranche credited to a separate account or tracked by the borrower in an appropriate manner. This process is aligned with market practice.



**REPORTING** NIBC intends to report on allocation of proceeds on the Company's website, on an annual basis, until full allocation. NIBC intends to show allocation at the category level and on an aggregated basis for all loans eligible according to the Framework. This may be combined with reporting for Sustainable Bonds or other types of Sustainable Financing. In addition, NIBC is committed to reporting on relevant impact metrics. This process is aligned with market practice.

<b>Evaluation date</b>	March 26, 2020
<b>Issuer Location</b>	The Hague, the Netherlands

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## Introduction

NIBC Bank N.V. (the “Company”, the “Bank” or the “Issuer”) is a commercial bank headquartered in The Hague, The Netherlands offering a range of corporate and retail banking products and services. The Bank’s activities range from advising, structuring, financing and co-investing across debt and equity in Northwest Europe with a focus on the Netherlands and Germany. The retail banking activities primarily consist of mortgage lending in the Netherlands and online retail savings products and services in the Netherlands, Germany and Belgium via the NIBC Direct brand.

NIBC has developed the NIBC Sustainable Finance Framework (the “Framework”) under which it intends to issue sustainable finance instruments, including loans and bonds, and use the proceeds to finance and/or refinance, in whole or in part, existing and/or future projects that contribute to a broad range of green and social activities ranging from the provision of healthcare and educational services, employment generation and affordable housing to renewable energy, green buildings, clean transport and a number of other categories listed below. The Framework defines eligibility criteria in the following areas:

1. Access to Essential Services
2. Employment Generation
3. Cultural Heritage
4. Affordable Housing
5. Socioeconomic Advancement & Empowerment
6. Renewable Energy
7. Green Buildings
8. Pollution Prevention and Control
9. Energy Efficiency
10. Clean Transport
11. Sustainable Agriculture

NIBC engaged Sustainalytics to review the NIBC Sustainable Finance Framework, dated March 2020, and provide a second-party opinion on the Framework’s environmental and social credentials and its alignment with the Green Bond Principles 2018 and Social Bond Principles 2018..<sup>1</sup> This Framework will be published in a separate document.<sup>2</sup>

As part of this engagement, Sustainalytics held conversations with members of NIBC’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of NIBC’s Sustainable Finance Framework. Sustainalytics also reviewed relevant public documents and non-public information.

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

<sup>1</sup> The Green Bond Principles and Social Bond Principles are administered by the International Capital Markets Association and are available at: <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/> & <https://www.icmagroup.org/green-social-and-sustainability-bonds/social-bond-principles-sbp/>

<sup>2</sup> The NIBC Sustainable Finance Framework is available on NIBC’s website at: <https://www.nibc.com/about-nibc/sustainability/>

## Sustainalytics' Opinion

### Section 1: Sustainalytics' Opinion on the NIBC Sustainable Finance Framework

Sustainalytics is of the opinion that the NIBC Sustainable Finance Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2018 and Social Bond Principles 2018. Sustainalytics highlights the following elements of NIBC's Sustainable Finance Framework:

- Use of Proceeds:
  - NIBC use of proceeds categories include: (i) Access to Essential Services (ii) Employment Generation (iii) Cultural Heritage (iv) Affordable Housing (v) Socioeconomic Advancement and Empowerment (vi) Renewable Energy (vii) Green Buildings (viii) Pollution Prevention and Control (ix) Energy Efficiency (x) Clean Transport (xi) Sustainable Agriculture, all of which are recognized by the GBP and SBP. Financing will be provided to Northwestern European countries, including the Netherlands, Germany and the United Kingdom.
  - Under this Framework, NIBC may issue sustainable finance instruments and use the proceeds to finance and/or refinance, in whole or in part, existing and/or future companies, projects and activities. Sustainalytics notes that the Bank's initial intent is to issue loans, both in the form of project loan financing and general-purpose loans for pure-play companies.<sup>3</sup> Sustainalytics notes that, while the GBP and SBP prefer project financing and that there is, in general, less transparency associated with reporting on non-project-based financing, Sustainalytics recognizes the Issuer's commitment to robust and transparent reporting on positive outcomes achieved by its financing activities.
  - Access to Essential Services activities includes financing of healthcare infrastructure, education/vocational training, digital infrastructure and financial services for underserved segments.<sup>4</sup> Within this broad category, NIBC intends to provide financing to facilitate increased access to the above services for underserved target populations as well as the general public.
    - Regarding healthcare infrastructure and services as well as education services and vocational training, the Bank has identified the general public as the target population. Given that financing will occur in countries with universal access to healthcare, Sustainalytics recognizes that this may contribute to the quality of healthcare and/or increased access to healthcare services. Financing of education and/or vocational training will be targeted at services that are deemed to have low or no barriers to access, however it is unclear to Sustainalytics how this is defined. Sustainalytics recognizes the importance of increasing access to education and vocational training and encourages the Bank to provide robust reporting on the positive outcomes achieved from such financing. Sustainalytics encourages NIBC to report on the specific populations that are served from financing of such activities.
    - Regarding digital infrastructure, the Bank has identified target populations as rural communities and/or underserved urban communities. Sustainalytics acknowledges that increased access to improved digital infrastructure can contribute to growth in aggregate employment and average wages in rural communities and encourages NIBC to report on the benefits achieved from such financing.
    - The Bank intends to provide financial services for "underserved segments", which include family-owned businesses,<sup>5</sup> SMEs and microbusiness,<sup>6</sup> self-employed<sup>7</sup> and starters. The framework does not indicate how underserved segments will be defined and targeted within these categories, although NIBC has stated that it does not intend

<sup>3</sup> Pure-play company being defined as a company that derives >90% of its revenues from activities that align with the eligibility criteria outlined in the Framework.

<sup>4</sup> Including family-owned business, SMEs and microbusiness, self-employed and start-ups, defined in Framework's appendix.

<sup>5</sup> NIBC applies the common European definition of a family business. NIBC does not intend to include multinational companies in our application of this segment.

<sup>6</sup> NIBC applies the official EU definition for this category.

<sup>7</sup> NIBC applies Eurostat definition of self-employed people as "those ... who work in their own business, professional practice or farm for the purpose of earning a profit and who employ no other persons". A self-employed person may also be defined as an independent worker who is subordinate to and dependent upon an employer.

to include multinational companies in its eligible lending to family-owned businesses (which make up more than 60% of all companies in Europe and range from small, independent proprietors to large-scale multinational corporations). Sustainalytics is unable to comment on the expected positive impact that may be achieved by such financing and considers the lack of targeting criteria in the framework to be a limitation.

- NIBC may finance or refinance real estate projects and/or retail mortgages which provide affordable housing to students, starters,<sup>8</sup> elderly,<sup>9</sup> and social/low-income individuals.<sup>10</sup> Financing may include mixed-use commercial projects which focus 50% or more on the above-mentioned segments. Sustainalytics recognizes that mixed-use projects may provide positive social benefits. However, taking into consideration that some students, elderly and self-employed may or may not need access to affordable housing, depending on their income status, Sustainalytics is unable to comment on the overall positive social impact that this financing may achieve for underserved segments.
- Employment generation may include financing or refinancing of family-owned businesses, SMEs and microbusinesses and entrepreneurs<sup>11</sup> as well as real estate projects which regenerate or revitalize town centers, or which transform or regenerate underutilized buildings. Sustainalytics acknowledges the general importance of regenerating/revitalizing town centers and transforming or regenerating underutilized buildings. However, due to the low unemployment rate in Northwestern European countries, while Sustainalytics recognizes the value of employment generation, the lack of specific target populations and more clearly defined eligibility criteria for the specific types of businesses/individuals that may benefit from this financing makes it difficult to estimate the positive social impact that will be achieved. This is viewed as a limitation to the Framework.
- NIBC may finance projects or activities which are aimed at ensuring the continued use of buildings with cultural significance, including registered monuments or buildings in areas of recognized historical significance, e.g. UNESCO world heritage sites. Financing may include retail mortgages and buy-to-let financing of registered monuments and other natural heritage buildings and/or the commercial transformation or renovation of registered monuments. While Sustainalytics acknowledges the value of preservation of cultural heritage, it is not possible to comment on the positive social outcomes that may be achieved from such financing and the Bank is encouraged to report on the specific target populations that are served and/or social issues that are mitigated through such financing.
- NIBC's financing or refinancing of companies, projects or individuals aimed at socioeconomic advancement and empowerment is targeted towards female- or minority-led businesses.<sup>12</sup> Sustainalytics recognizes the importance of providing socioeconomic advancement and empowerment and positively highlights the thresholds set for female- and minority-led businesses.
- Investment in renewable energy includes wind, solar, geothermal,<sup>13</sup> and green hydrogen.<sup>14</sup> In addition, NIBC intends to invest in enabling activities, technologies, and services for renewable energy. This latter activity refers to installation and maintenance services with respect to the renewable energy categories. Sustainalytics positively views investments in renewable energy and related infrastructure.
- Energy efficiency financing or refinancing is aimed at energy efficient infrastructure, activities, technologies and services. Relevant activities may include district heating reusing residual heat; energy efficiency data centers that have a power usage effectiveness (PUE) of <1.3 and use renewable energy; and energy efficiency infrastructure.<sup>15</sup> Sustainalytics positively highlights

<sup>8</sup> First-time home buyers.

<sup>9</sup> NIBC uses the common European definition of age 60 or older in line with the EU Ageing Policy. NIBC aims to increase social inclusion of the elderly through this category and to help address the issue of increasing social exclusion.

<sup>10</sup> NIBC uses local definitions and thresholds for social housing. This label is usually tied to an income threshold and benefits people who are unable to independently buy or rent a home.

<sup>11</sup> Defined by governments in the local context

<sup>12</sup> To qualify as a female- or minority-led business, business ownership or board must be at least 30% female or minority based.

<sup>13</sup> With a direct emissions threshold of <100g CO<sub>2</sub>/kWh.

<sup>14</sup> Clean hydrogen is defined as hydrogen produced from electrolysis.

<sup>15</sup> Including storage, balancing and other infrastructure supporting low carbon power

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- the PUE threshold for the financing of data centers as well as the Framework's exclusion of projects/activities for fossil-fuel powered operations.
- Regarding potential financing of green buildings, NIBC may finance the acquisition or development of commercial or retail real estate with third-party certifications such as EPC Label A, LEED Gold, BREEAM very good or higher, and/or equivalent certifications; for Sustainalytics' assessment of these schemes, please see Appendix 1. Green building financing may also include refurbishments that result in a 30% energy efficiency improvement and/or, in the case of financing of monument buildings, which face constricting regulations that may limit the types of refurbishment activities that can be done. In such cases NIBC will report on documented improvements in energy efficiency. Sustainalytics views the above certification schemes as credible and positively highlights the minimum energy efficiency savings of 30%, where applicable, as well as the commitment to reporting on documented improvements in energy efficiency savings for monument buildings. However, Sustainalytics notes that financing of green buildings is only limited to green building portfolios that constitute 75% or more of the above criteria and the remaining 25% of a green building portfolio may meet none of the above criteria, this is viewed as a limitation to the Framework.
  - NIBC may finance both land- and water-based clean transportation projects, including the financing of electric and hydrogen-based vehicles/ships and/or infrastructure necessary to support clean transportation, such as charging stations. Sustainalytics positively views investments into zero-emission transportation projects and activities.
  - Pollution prevention and control activities may include financing/refinancing of companies, projects, or activities which reduce and enable pollution prevention and control. Examples of such activities includes technologies that mitigate control or reduce GHGs, waste management and recycling,<sup>16</sup> zero or near-zero waste activities, the dismantling of fossil-fuel-related equipment or infrastructure, and other enabling technologies and services. Sustainalytics positively views investments into pollution prevention and control and notes that the Framework excludes technologies that may be applied to fossil-fuel powered operations. Moreover, while Sustainalytics positively views fossil fuel dismantling when replaced with renewable technologies and/or certain projects, general purpose loans to companies that provide fossil fuel dismantling services is viewed as a limitation and Sustainalytics encourages only project-based financing for such activities. Sustainalytics encourages the Bank to transparently report on activities financed and benefits achieved.
  - The financing or refinancing of sustainable agriculture companies, projects or activities and related activities, technologies and services which enable sustainable agriculture includes the financing of EU-certified organic farms, natural pollination products, natural pest deterrents and services, such as the installation and maintenance of drip irrigation, hydroponics, salt-water greenhouses and/or other technologies that reduce use of local resources and/or the need for pesticides and herbicides. Sustainalytics recognizes the importance of financing sustainable agriculture operations. Sustainalytics encourages NIBC to promote the holistic deployment of conservation agriculture practices through its lending criteria for agriculture projects.<sup>17</sup>
- Project Evaluation and Selection:
    - Projects financed and/or refinanced using this Sustainable Loan Framework are evaluated and selected based on compliance with the Eligibility Criteria outlined in the Framework. The Bank's Senior Sustainability Officer is responsible for managing any changes to the Framework and all changes will be subject to approval from NIBC's Risk Management Committee. NIBC's existing decision-making committees, including the transaction committee, the investment committee, and the asset & liability committee are responsible for corporate asset selection. Potential projects are evaluated based on their compliance with the Bank's internal policies and regulations as well as against the eligibility criteria outlined in the Framework. Sustainalytics

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<sup>16</sup> Excluding landfilling or burning for waste-to-energy.

<sup>17</sup> Conservation Agriculture is a set of management practices that helps maintaining the soil health, enhance biodiversity and natural biological processes above and below the ground surface, such as through conservation tillage; sowing of diverse cover crops; multiple crop rotation; soil restoration and management; nutrient and waste management; and no or minimal pesticides or synthetic fertilizers. FAO promotes the adoption of CA principles "that are universally applicable in all agricultural landscapes and cropping systems." Food and Agriculture Organization of the United Nations (FAO), Conservation Agriculture: <http://www.fao.org/conservation-agriculture/en/>

acknowledges that broad, cross-department representation further strengthens this process and views it as aligned with market practice.

- Management of Proceeds:
  - Proceeds from green financing instruments are credited to a dedicated account or are otherwise tracked by the borrower in an appropriate manner to ensure transparency and traceability of allocation. Where instruments include one or more tranches of a loan facility, each sustainable tranche must be clearly designated, with proceeds of each tranche being credited to a separate account or tracked by the borrower in an appropriate manner.
- Reporting:
  - NIBC intends to report allocation on the Bank's website, on an annual basis, until full allocation. NIBC will report on at least a category level and on an aggregate basis for all NIBC loans, which may be combined with reporting for other financial instruments. NIBC will report on total amounts allocated, financing vs refinancing and unallocated amounts, if any. This process is aligned with market practice.

### Alignment with Green Bond Principles 2018 and Social Bond Principles 2018

Sustainalytics has determined that despite the limitations noted above, the NIBC Sustainable Finance Framework aligns to the four core components of the Green Bond Principles 2018 and Social Bond Principles 2018. For detailed information please refer to Appendix 2: Sustainability Bond/ Sustainability Bond Programme External Review Form.

## Section 2: Sustainability Strategy of the Issuer

### Contribution of Framework to NIBC's sustainability strategy

NIBC is committed to reducing its financed emissions in line with national emissions targets where the Bank operates, as well as aligning with the Paris Agreement's targets. Specifically, NIBC is committed to creating sustainable value, providing debt and equity financing to impact-driven companies, projects and activities with the objective of generating positive impacts on society while ensuring that potential negative impacts are mitigated or reduced. For example, in the past, the Bank has provided financial solutions to renewable and energy efficiency projects, contributing to the financing of the global energy transition. For instance, NIBC provided its Mezzanine & Equity Solutions<sup>18</sup> to Solarus, a Dutch producer of clean heating and electricity from solar PV.<sup>19</sup> Additionally, the Bank participated in the redevelopment of monumental office buildings into residential apartments, upgrading the energy efficiency while preserving the monumental landmark of the building.<sup>20</sup>

The Bank is also an investment partner of the Rotterdam Port Fund.<sup>21</sup> In December 2019, the Fund provided equity to Fleet Cleaner, a company that unveiled a technology able to help ship operators to reduce their emissions by at least 20%, helps to protect biodiversity in and around port areas against biofouling and foreign invasive species, and digitally performs hull inspections which help to prevent environmental accidents.<sup>22</sup>

Sustainalytics is of the opinion that the proceeds financed through the Framework align with NIBC's sustainability strategy. However, while Sustainalytics acknowledges that NIBC has a robust and transparent approach to sustainability which is clearly integrated into the core business, Sustainalytics encourages the Bank to develop additional quantitative, time-bound financial investment targets.

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

NIBC intends to use proceeds to provide financial services to a wide range of environmentally and/or socially impactful companies, projects and/or activities which also carry environmental and social (E&S) risks. For example, in relation to some of the green use of proceeds categories, E&S risks may include land-use change, occupational health & safety, and biodiversity losses. Regarding social use of proceeds' categories,

<sup>18</sup> NIBC, "Mezzanine & Equity Partners", at: <https://www.nibc.nl/zakelijke-klanten-beleggers/onze-expertise/balance-sheet-products/mezzanine-equity-partners/>

<sup>19</sup> NIBC, "2018 NIBC Sustainability Report", (2019), at: <https://www.nibc.com/media/1915/nibc-sustainability-report.pdf>

<sup>20</sup> NIBC, "2018 NIBC Sustainability Report", (2019), at: <https://www.nibc.com/media/1915/nibc-sustainability-report.pdf>

<sup>21</sup> Rotterdam Port Fund, « Investment Partners », at: <https://www.rotterdamportfund.com/investeringspartners?lang=en>

<sup>22</sup> Link Magazine, "Rotterdam Port Fund investeert in schoonmaakrobot Fleet Cleaner", (2019), at: <https://www.linkmagazine.nl/rotterdam-port-fund-investeert-in-schoonmaakrobot-fleet-cleaner/>

stakeholder engagement is a key risk to be mitigated. NIBC is committed to integrating the following risk mitigation measures into its lending decision process:

- Sustainability Risk Management
  - NIBC integrates the assessment of ESG risks into its lending decision-making processes<sup>23</sup> in order to understand how its clients address and manage sustainability in the conduct of their activities, before the lending decision. Moreover, NIBC strives to ensure that its clients operate in line with the commitment they have set and looks closely at its clients' track records. In summary, NIBC assesses the commitment, capacity and track-record of a client to manage ESG risks.
  - This process includes an early Rapid Risk Screen, to make an initial risk assessment, that results in a red, amber or green light, which points to the level of E&S due diligence required.<sup>24</sup> A green light means that no further E&S due diligence is required, an amber light implies the conduct of a detailed sustainability risk assessment, and a red light results in declining the client or transaction. It is also worth noting that the Rapid Risk Screen includes considerations in regards of stakeholder engagement.<sup>25</sup>
  - Thus, the E&S due diligence will result in a category of low, medium, or high E&S risk, according to which, respectively, the lending decision will be approved ("low"), subject to further advice from the Bank's Sustainability team before approval ("medium") and subject to advice from the Sustainability team and/or referred back to the Engagement Committee before a hypothetical approval ("high").
- Specific business and sector sustainability policies
  - NIBC has implemented sectoral risk management policies, that cover renewable energy, food & agriculture, commercial real estate, and retail services. For example, the Renewables Sustainability Policy<sup>26</sup> identifies sector-specific risks. Regarding wind and solar power generation, risks include potential impacts on legally protected areas or critical natural habitats, biodiversity or ecosystems, physical resettlement or economic displacement as a result of new infrastructure, and noise. Thus, the Bank relies on regulatory frameworks in the countries where the utilities operate, i.e. high-income OECD countries, and best practices within the industry, i.e. United Nations Environment Programme and Environmental Impact Assessment.

Based on the above, Sustainalytics considers NIBC well-positioned to assess and prevent E&S risks associated with the projects carried out by the lenders, especially regarding land-use, occupational health & safety, biodiversity, and stakeholder engagement.

### Section 3: Impact of Use of Proceeds

All eleven use of proceeds categories are recognized as impactful by GBP. Sustainalytics has focused below where the impact is specifically relevant in local context.

#### Improving Buildings Energy Efficiency

Buildings are responsible for approximately 40% of the EU's total primary energy consumption and 36% of CO<sub>2</sub> emissions – making the sector the single largest energy consumer in Europe.<sup>27</sup> For example, in the Netherlands, the built environment<sup>28</sup> is responsible for approximately 28% of the total energy consumption.<sup>29</sup>

<sup>23</sup> NIBC, "NIBC Sustainability Policy", (2019), at: <https://www.nibc.nl/media/1441/sustainability-policy.pdf>

<sup>24</sup> NIBC, "NIBC Sustainability Framework", (2019), <https://www.nibc.nl/media/1440/sustainability-framework.pdf>

<sup>25</sup> The question related to stakeholder engagement within the Rapid Risk Screen is the following: "Is the project, asset or client connected to material external stakeholders or NGO issues; and/or has been subject to campaigns or protests?"

<sup>26</sup> NIBC, "RENEWABLES Sustainability Policy", (2019), at: <https://www.nibc.com/media/1437/nibc-renewables-sustainability-policy.pdf>

<sup>27</sup> European Commission, "Energy performance of buildings directive", (2019), at: <https://ec.europa.eu/energy/en/topics/energy-efficiency/energy-performance-of-buildings/energy-performance-buildings-directive#facts-and-figures>

<sup>28</sup> The CO<sub>2</sub> emissions from the built environment include the emissions from dwellings and utility buildings in the services sector (such as offices, schools, and so on) but exclude emissions from buildings in industrial and agricultural sectors.

Dutch Ministry of Economic Affairs and Climate Policy, "Seventh Netherlands National Communication under the United Nations Framework Convention on Climate Change", (2018), at:

[https://unfccc.int/files/national\\_reports/annex\\_i\\_natcom/submitted\\_natcom/application/pdf/seventh\\_netherlands\\_national\\_communication\\_under\\_the\\_unfccc\\_update\\_2018.pdf](https://unfccc.int/files/national_reports/annex_i_natcom/submitted_natcom/application/pdf/seventh_netherlands_national_communication_under_the_unfccc_update_2018.pdf)

<sup>29</sup> EBN, "Energie in Nederland 2019", (2019), at: [https://www.ebn.nl/wp-content/uploads/2019/03/EBN\\_Infographic-2019\\_14MRT19.pdf](https://www.ebn.nl/wp-content/uploads/2019/03/EBN_Infographic-2019_14MRT19.pdf)

In 2015, buildings contributed 32.5% of the UK's total carbon footprint.<sup>30</sup> Decarbonizing the built environment is therefore key to reducing energy consumption and GHG emissions in the EU and the UK.

Moreover, an estimated 35% of EU buildings are more than 50 years old and 75% of the stock can be classified as inefficient.<sup>31</sup> In addition, the rate of buildings renovations is moving at a pace of only 0.4-1.2% per year, and therefore needs to accelerate. Renovation and refurbishment have the potential to reduce total energy consumption and lower CO<sub>2</sub> emissions by approximately 5%.<sup>31</sup> Sustainalytics positively notes NIBC's target of 30% improvement in energy efficiency as part of its refurbishment projects. More specifically, the Netherlands are targeting a CO<sub>2</sub>-neutral low temperature heating by 2050,<sup>32</sup> which can be further supported by NIBC's removal of gas infrastructure in retail and commercial real estate.<sup>33</sup> Furthermore, the Dutch government has established a national goal of improving EPC labels by at least two performance levels on more than 300,000 units per year until 2020 and from 2020 onward all new housing developments are expected to be low-carbon.<sup>34</sup> As such, Sustainalytics is of the opinion that NIBC's real estate projects can assist the Netherlands' public policies in favor of low-carbon buildings, and assist the EU in improving buildings energy efficiency

### Low-Carbon Electricity Generation: Decarbonizing the European Mix

EU-Member States<sup>35</sup> rely heavily on fossil-fuels for electricity generation. In Germany, in 2018, 48.9% of the electricity produced was fossil-fuel sourced, with coal accounting for 35.3% of total generation. In the UK, fossil fuels-based electricity accounted for 44.9% of total generation. In the Netherlands, in 2018, the electricity mix was dominated by natural gas and 74.8% of the electricity generated came from fossil fuel sources. Electricity generation is therefore carbon intensive, ranging from 288gCO<sub>2</sub>/kWh in the UK to 488gCO<sub>2</sub>/kWh in Germany. Thus, NIBC's financing of renewable energy projects can contribute to lower fossil fuel reliance and reduce carbon intensity of electricity production. Moreover, it can assist the EU in meeting its renewable energy target<sup>36</sup> i.e. share of at least 32% of renewable energy in final energy consumption by 2032.

Based on the above, Sustainalytics is of the opinion that NIBC's financing of renewable energy projects can lower fossil fuel share in electricity generation, decrease electricity's carbon intensity and assist the EU in meeting its binding target for renewable energy.

### Access to Essential Services: Bridging the Digital Divide

The digital divide describes inequalities in access, use and impact of information and communication technologies ("ICTs"). In the EU, many rural areas are still lagging in terms of broadband coverage. In cities, 88% of households have access to internet, as opposed to 80% in rural areas.<sup>37</sup> In addition, 76% of total EU households have fiber-based high-speed broadband, compared to only 40% of rural households.<sup>37</sup> Positive impacts of access to ICTs include increased economic, political and cultural participation.<sup>38</sup> NIBC's investments in digital infrastructure could help bridge the gap for rural communities.

Sustainalytics is of the opinion that NIBC's investments in digital infrastructure and services could help bridge the digital divide between rural and urban communities in Europe, as well as improving rural communities' digital skills, in order to foster economic, political and cultural inclusion.

<sup>30</sup> Buildings emissions include business, residential and public sectors. UK Department for Business, Energy & Industrial Strategy, "7<sup>th</sup> National Communication", (2017), at: [https://unfccc.int/sites/default/files/resource/19603845\\_United%20Kingdom-NC7-BR3-1-gbr%20NC7%20and%20BR3%20with%20Annexes%20%281%29.pdf](https://unfccc.int/sites/default/files/resource/19603845_United%20Kingdom-NC7-BR3-1-gbr%20NC7%20and%20BR3%20with%20Annexes%20%281%29.pdf)

<sup>31</sup> European Commission, "New rules for greener and smarter buildings will increase quality of life for all Europeans", (2019), at: [https://ec.europa.eu/info/news/new-rules-greener-and-smarter-buildings-will-increase-quality-life-all-europeans-2019-apr-15\\_en](https://ec.europa.eu/info/news/new-rules-greener-and-smarter-buildings-will-increase-quality-life-all-europeans-2019-apr-15_en)

<sup>32</sup> Government of the Netherlands - Ministry of Economic Affairs, "Energy Agenda, Towards a low-carbon energy supply", (2017), at: <https://www.government.nl/documents/reports/2017/03/01/energy-agenda-towards-a-low-carbon-energy-supply>

<sup>33</sup> This implies a strong reduction in the heating demand and in gas consumption.

European Commission, "Assessment of second long-term renovation strategies under the Energy Efficiency Directive", (2019), at: <https://op.europa.eu/en/publication-detail/-/publication/e04473ed-2daf-11e9-8d04-01aa75ed71a1/language-en/format-PDF/source-86607487>

<sup>34</sup> Energie Akkoord, "The agreement on energy for sustainable growth: a policy in practice" (2016), at: <https://www.government.nl/topics/renewable-energy/documents/reports/2016/04/28/energy-report-transition-tot-sustainable-energy>

<sup>35</sup> The UK withdrew from the EU as of February 1st, 2020 but is treated as an EU Member State until December 31st, 2020.

<sup>36</sup> In 2018, electricity represented 22.7% of the EU energy mix. An increase of renewable electricity generation mechanically increases the share of renewables in final energy consumption, all things being equal.

Eurostat, "Final energy consumption by product", at: <https://ec.europa.eu/eurostat/databrowser/view/ten00123/default/table?lang=en>

<sup>37</sup> European Parliament, "Urban-rural divide: Blame it all on my roots...", (2018), at:

[https://www.europarl.europa.eu/RegData/etudes/ATAG/2018/614753/EPRS\\_ATA\(2018\)614753\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/ATAG/2018/614753/EPRS_ATA(2018)614753_EN.pdf)

<sup>38</sup> Van Dijk, J. A. G. M., (2017), "Digital Divide: Impact of Access", The International Encyclopedia of Media Effectcs, at: [https://www.utwente.nl/en/bms/vandijk/publications/digital\\_divide\\_impact\\_access.pdf](https://www.utwente.nl/en/bms/vandijk/publications/digital_divide_impact_access.pdf)



### Affordable Housing in Northern Europe

The state of affordable and social housing in Northwestern Europe differs from one country to another. While the Netherlands have the highest share of social housing in Europe, accounting for 30% of the total housing stock, the UK has 17% and in Germany the figure stands at 3%.<sup>39</sup>

- In the Netherlands, new entrants to the housing markets are increasingly pushed out of the market due to high costs and housing shortages.<sup>40</sup> Thus, the Dutch government has adopted a Housing Agenda, targeting 75,000 new dwellings per year to reduce housing shortage. NIBC has indicated to Sustainalytics its intention to use part of proceeds to develop mixed-used buildings<sup>41</sup> that do not specifically target social and affordable housing but rather put the emphasis on developing local economic activity and a rational use of land.
- Housing in Germany has become less affordable and the overall social housing stock is decreasing. Currently, 70% of the needs for new affordable housing and one third of the needs for new social housing are being met.<sup>39</sup> Accelerating the construction of social housing is therefore necessary.<sup>42</sup>
- The UK is facing a housing crisis.<sup>39</sup> In the next decade, 145,000 social and affordable dwellings are needed each year, which would require an annual investment of £12.8B.<sup>39</sup> In 2017-18, only 47,000 affordable homes were completed, highlighting the gap to meet the estimated number of affordable housing units.<sup>39</sup>

Sustainalytics is of the opinion that NIBC's real estate financing may benefit underserved segments i.e. students, starters, elderly and social/low income people. However, as mentioned in Section 1, Sustainalytics is unable to comment on the overall positive impact for students, starters and elderly people, but highlights the potential benefits for social/low-income people.

### Energy Efficiency: Potential Impacts on Heating and Data Centers

Energy efficiency is at the cornerstone of the energy transition, since it has the potential to cut GHG emissions while preserving economic and demographic growth.<sup>43</sup> Under the Framework, NIBC's energy efficiency projects could achieve more efficient use of energy in buildings and data storage:

- In the Netherlands, energy policy and resource availability<sup>44</sup> have historically led households to use natural gas for their residential heating needs;<sup>45</sup> 93% of Dutch households use natural gas for heating through domestic boilers,<sup>46</sup> highlighting the need to expand district heating which currently supports only 4.4% of dwellings. Moreover, the utilization of excess heat could reduce primary energy use. Excess heat is available from various sources, including data centers. NIBC notes that residual heat might be sourced from data centers, which Sustainalytics highlights positively. For instance, in Harleen, the Netherlands, leading Dutch asset owner, APG, makes use of excess heat from its data center to heat its headquarters.
- In 2020, digital infrastructure is expected to account for 4% of the world's greenhouse gas emissions, while data centers account for 19% of the digital energy consumption.<sup>47</sup> By way of comparison, in 2020, digital infrastructure emitted as much CO<sub>2</sub> as the Middle East in 2017.<sup>47</sup> Moreover, between 2015 and 2020, digital energy consumption has increased by 9% per year and is expected to grow annually by 9.9% between 2020 and 2025.<sup>47</sup> In addition, the volume of data stored in data centers is growing by 40% in

<sup>39</sup> Housing Europe, "The State Of Housing In The EU 2019", (2019), at: <http://www.housingeurope.eu/resource-1323/the-state-of-housing-in-the-eu-2019>

<sup>40</sup> Vrieselaar, N., et al., (2018), "Waarom jongeren steeds minder en ouderen steeds vaker een huis kopen", Utrecht: Rabobank, at: <https://economie.rabobank.com/publicaties/2018/mei/waarom-jongeren-steeds-minder-ouderen-steeds-vaker-huis-kopen/>

<sup>41</sup> Mixing of uses refers to the combination, inside a single structure or place within a neighborhood of a variety of different living activities (such as living, working, shopping) in close proximity i.e. walking distance, to most residents.

Narvaez, L. et al., "The Architecture of Mixed Uses", (2016), The Journal of Space Syntax, at: [https://www.researchgate.net/publication/315754277\\_The\\_Architecture\\_of\\_Mixed\\_Uses](https://www.researchgate.net/publication/315754277_The_Architecture_of_Mixed_Uses)

<sup>42</sup> European Commission, "2019 European Semester: Country Specific Recommendation / Commission Recommendation – Germany", (2019), at: [https://ec.europa.eu/info/publications/2019-european-semester-country-specific-recommendations-commission-recommendations\\_en](https://ec.europa.eu/info/publications/2019-european-semester-country-specific-recommendations-commission-recommendations_en)

<sup>43</sup> IEA, "Energy efficiency is the cornerstone for building a secure and sustainable energy system", (2018), at: <https://www.iea.org/news/energy-efficiency-is-the-cornerstone-for-building-a-secure-and-sustainable-energy-system>

<sup>44</sup> In 2018, the Netherlands produced 32.3B cubic meters of natural gas, accounting for 0.8% of world's production.

BP, "BP Statistical Review of World Energy 2019", (2019), at: <https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/energy-economics/statistical-review/bp-stats-review-2019-full-report.pdf>

<sup>45</sup> CIEP, "Looking Under the Hood of the Dutch Energy System", (2017), at:

[https://www.clingendaelenergy.com/inc/upload/files/CIEP\\_2017\\_\\_01\\_Looking\\_under\\_the\\_hood\\_of\\_the\\_dutch\\_energy\\_system.pdf](https://www.clingendaelenergy.com/inc/upload/files/CIEP_2017__01_Looking_under_the_hood_of_the_dutch_energy_system.pdf)

<sup>46</sup> PBL Netherlands Environmental Assessment Agency, "Nationale Energieverkenning", (2015), at: <https://www.pbl.nl/publicaties/nationale-energieverkenning-2015>

<sup>47</sup> The Shift Project, "Lean ICT – Towards Digital Sobriety", (2019), at: [https://theshiftproject.org/wp-content/uploads/2019/03/Lean-ICT-Report\\_The-Shift-Project\\_2019.pdf](https://theshiftproject.org/wp-content/uploads/2019/03/Lean-ICT-Report_The-Shift-Project_2019.pdf)

## NIBC Sustainable Finance Framework

2020.<sup>48</sup> As such, decreasing the energy intensity and financing of “green” data centers is essential to mitigation of environmental impacts and improved energy efficiency.

Thus, Sustainalytics considers NIBC’s energy efficiency projects as credible and impactful, contributing to more efficient district heating, reducing data centers’ energy intensity and the financing of other companies, projects and activities involved in improving energy efficiency in Northwestern Europe.

### Alignment with/contribution to SDGs

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

Use of Proceeds Category	SDG	SDG target
Access to Essential Services	4. Quality Education	4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship
Employment Generation	8. Decent Work and Economic Growth	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services
Cultural Heritage	11. Sustainable Cities	11.4 Strengthen efforts to protect and safeguard the world’s cultural and natural heritage
Affordable Housing	11. Sustainable Cities	11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums
Socioeconomic Advancement and Empowerment	5. Gender Equality	5.5 Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Green Buildings	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
Pollution Prevention and Control	11. Sustainable Cities	11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management
Energy Efficiency	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
Clean Transport	11. Sustainable Cities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with

<sup>48</sup> Cisco, “Cisco Global Cloud Index, Forecast and Methodology 2016–2021”, at: <https://www.cisco.com/c/en/us/solutions/collateral/service-provider/global-cloud-index-gci/white-paper-c11-738085.html>

## NIBC Sustainable Finance Framework

		special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
Sustainable Agriculture	2. Zero Hunger	2.4 By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality

### Conclusion


NIBC has developed the NIBC Sustainable Finance Framework under which it will issue sustainability bonds and use the proceeds to finance a wide range of environmental and social projects. Sustainalytics considers that the projects funded by the sustainability bond proceeds will provide positive environmental and social impact.

The NIBC Sustainable Finance Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that NIBC Sustainable Finance Framework is aligned with the overall sustainability strategy of the company and that the use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 2, 4, 5, 7, 8 & 11. Additionally, Sustainalytics is of the opinion that NIBC has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

Based on the above, Sustainalytics is confident that NIBC is well-positioned to issue sustainability bonds and that that NIBC Sustainable Finance Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles (2018) and Social Bond Principles (2018).

## Appendices

### Appendix 1: Sustainalytics' Assessment of Green Building Certification

	LEED
<b>Background</b>	Leadership in Energy and Environmental Design (LEED) is a US Certification System for residential and commercial buildings used worldwide. LEED was developed by the non-profit U.S. Green Building Council (USGBC) and covers the design, construction, maintenance and operation of buildings.
<b>Certification levels</b>	Certified Silver Gold Platinum
<b>Areas of Assessment: Environmental Project Management</b>	Integrative process, which requires, from the beginning of the design process, the identification and creation of synergies between the various project stakeholders regarding the construction choices and the technical systems.
<b>Areas of Assessment: Environmental Performance of the Building</b>	Energy and atmosphere Sustainable Sites Location and Transportation Materials and resources Water efficiency Indoor environmental quality Innovation in Design Regional Priority
<b>Requirements</b>	Prerequisites (independent of level of certification) + Credits with associated points  These points are then added together to obtain the LEED level of certification  There are several different rating systems within LEED. Each rating system is designed to apply to a specific sector (e.g. New Construction, Major Renovation, Core and Shell Development, Schools-/Retail-/Healthcare New Construction and Major Renovations, Existing Buildings: Operation and Maintenance).
<b>Performance display</b>	
<b>Accreditation</b>	LEED AP BD+C LEED AP O+M
<b>Qualitative considerations</b>	Widely recognised internationally, and strong assurance of overall quality.

	BREEM
<b>Background</b>	BREEAM (Building Research Establishment Environmental Assessment Method) was first published by the Building Research Establishment (BRE) in 1990. Based in the UK. Used for new, refurbished and extension of existing buildings.

<b>Certification levels</b>	Pass Good Very Good Excellent Outstanding
<b>Areas of Assessment: Environmental Project Management</b>	Management (Man) addresses various aspects: project management, deployment, minimal environmental disturbance worksite and stakeholder engagement.
<b>Areas of Assessment: Environmental Performance of the Building</b>	Energy Land Use and Ecology Pollution Transport Materials Water Waste Health and Wellbeing Innovation
<b>Requirements</b>	Prerequisites depending on the levels of certification + Credits with associated points  This number of points is then weighted by item <sup>49</sup> and gives a BREEAM level of certification, which is based on the overall score obtained (expressed as a percentage). Majority of BREEAM issues are flexible, meaning that the client can choose which to comply with to build their BREEAM performance score.  BREEAM has two stages/ audit reports: a 'BREEAM Design Stage' and a 'Post Construction Stage', with different assessment criteria.
<b>Performance display</b>	
<b>Accreditation</b>	BREEAM International Assessor BREEAM AP BREEAM In Use Assessor
<b>Qualitative considerations</b>	Used in more than 70 countries: Good adaptation to the local normative context. Predominant environmental focus. BREEAM certification is less strict (less minimum thresholds) than HQE and LEED certifications.

<sup>49</sup> BREEAM weighting: Management 12%, Health and wellbeing 15%, Energy 19%, Transport 8%, Water 6%, Materials 12.5%, Waste 7.5%, Land Use and ecology 10%, Pollution 10% and Innovation 10%. One point scored in the Energy item is therefore worth twice as much in the overall score as one point scored in the Pollution item

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

### Section 1. Basic Information

Issuer name:	NIBC
Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable: <i>[specify as appropriate]</i>	NIBC Sustainable Finance Framework
Review provider's name:	Sustainalytics
Completion date of this form:	March 16, 2020
Publication date of review publication: <i>[where appropriate, specify if it is an update and add reference to earlier relevant review]</i>	

### Section 2. Review overview

#### SCOPE OF REVIEW

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

The review assessed the following elements and confirmed their alignment with the GBPs and SBPs:

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

#### ROLE(S) OF REVIEW PROVIDER

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

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

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

Please refer to Evaluation Summary above.

### Section 3. Detailed review

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

#### 1. USE OF PROCEEDS

Overall comment on section (*if applicable*):

The eligible category for the use of proceeds are aligned with those recognized by both the Green Bond Principles and Social Bond Principles. Sustainalytics considers the eligible projects, namely (i) Access to Essential Services, (ii) Affordable Housing, (iii) Employment Generation, (iv) Cultural Heritage, (v) Socioeconomic Advancement and Empowerment, (vi) Renewable Energy, (vii) Energy Efficiency, (viii) Green Buildings, (ix) Clean Transportation, (x) Pollution Prevention and Control, and (xi) Sustainable Agriculture to have positive environmental or social impacts and to advance the UN Sustainable Development Goals 2, 4, 5, 7, 8 and 11.

#### Use of proceeds categories as per GBP:

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

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

#### Use of proceeds categories as per SBP:

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

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

## 2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

NIBC's internal process for evaluating and selecting projects is overseen by NIBC's Senior Sustainability Officer. Projects are evaluated and selected based on compliance with the eligibility criteria outlined in the Framework. This process is aligned with market practice.

### Evaluation and selection

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

### Information on Responsibilities and Accountability

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

## 3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

NIBC's processes for management of proceeds is handled by the Asset and Liability Committee. Sustainability loan proceeds will be credited to a dedicated account and tracked by the borrower. Where a sustainability loan takes the form of one or more tranches of a loan facility, each tranche must be clearly designated, with the proceeds of each tranche credited to a separate account or tracked by the borrower in an appropriate manner. This process is aligned with market practice.

### Tracking of proceeds:

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

### Additional disclosure:

- |   |   |
|---|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
|---|---|



- |  |  |
|--|--|
| <input type="checkbox"/> Allocation to individual disbursements                  | <input checked="" type="checkbox"/> Allocation to a portfolio of disbursements |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other ( <i>please specify</i> ):                      |

#### 4. REPORTING

Overall comment on section (if applicable):

NIBC intends to report allocation proceeds on the Company's website, on an annual basis, until full allocation. NIBC intends to show allocation at the category level and on an aggregated basis for all NIBC's Sustainable loans. This may be combined with reporting for Sustainable Bonds or other types of Sustainable Financings. In addition, NIBC is committed to reporting on relevant impact metrics. This process is aligned with market practice.

#### Use of proceeds reporting:

- |  |  |
|--|--|
| <input type="checkbox"/> Project-by-project            | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other ( <i>please specify</i> ):        |

#### *Information reported:*

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Allocated amounts     | <input type="checkbox"/> Sustainability Bond financed share of total investment |
| <input type="checkbox"/> Other ( <i>please specify</i> ): |   |

#### *Frequency:*

- |  |                                      |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual       | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): |                                      |

#### Impact reporting:

- |  |  |
|--|--|
| <input type="checkbox"/> Project-by-project            | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify):                 |

#### **Frequency:**

- |  |                                      |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual       | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): |                                      |

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

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input checked="" type="checkbox"/> Energy Savings  |
| <input type="checkbox"/> Decrease in water use              | <input type="checkbox"/> Number of beneficiaries  |
| <input type="checkbox"/> Target populations                 | <input checked="" type="checkbox"/> Other ESG indicators (please specify): # of jobs supported, |

energy capacity, electricity generation

#### Means of Disclosure

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

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

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

<https://www.nibc.com/about-nibc/sustainability/>

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

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

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

##### Review provider(s):

##### Date of publication:

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

- i. Second Party Opinion: An institution with sustainability expertise that is independent from the issuer may provide a Second Party Opinion. The institution should be independent from the issuer's adviser for its Sustainability Bond framework, or appropriate procedures such as information barriers will have been implemented within the institution to ensure the independence of the Second Party Opinion. It normally entails an assessment of the alignment with the Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy, and/or processes relating to sustainability and an evaluation of the environmental and social features of the type of Projects intended for the Use of Proceeds.
- ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or sustainability criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally or socially sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Sustainability Bond proceeds, statement of environmental or social impact or alignment of reporting with the Principles may also be termed verification.
- iii. Certification: An issuer can have its Sustainability Bond or associated Sustainability Bond framework or Use of Proceeds certified against a recognized external sustainability standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. Green, Social and Sustainability Bond Scoring/Rating: An issuer can have its Sustainability Bond, associated Sustainability Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialized research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental and/or social performance data, process relative to the Principles, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material sustainability risks.

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For more information, visit [www.sustainalytics.com](http://www.sustainalytics.com)

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