Second-Party Opinion

NIBC Green Bond Framework

Evaluation Summary

Sustainalytics is of the opinion that the NIBC Green Bond Framework is credible and impactful and aligns to the four core components of the Green Bond Principles 2018. This assessment is based on the following:

USE OF PROCEEDS The eligible categories for the use of proceeds, Renewable Energy and Green Buildings, are aligned with those recognized by the Green Bond Principles 2018. Sustainalytics considers that financing in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 3, 7, 8, 9 and 11.

PROJECT EVALUATION / SELECTION NIBC's Green Bond Working Group will be responsible for the project evaluation and selection process. Projects are evaluated and selected based on compliance with the eligibility criteria outlined in the Framework. Sustainalytics considers the project selection process in line with market practice.

MANAGEMENT OF PROCEEDS NIBC's Green Bond Working Group will manage the proceeds on a portfolio basis, monitoring the assets' portfolio on an annual basis. NIBC intends to reach full allocation, on a best effort basis within 24 months after issuance. Pending allocation, proceeds will be managed according to the Bank's Treasury criteria. This is in line with market practice.

REPORTING NIBC intends to report on allocation of proceeds on its website, on an annual basis, until full allocation. Allocation reporting will include the total amount of green bonds and proceeds allocated, an overview of the assets per category, the geographical distribution of the assets, the balance of unallocated proceeds, and the share of financing vs. refinancing. In addition, NIBC is committed to reporting on relevant impact metrics, such as total capacity and renewable energy generation (MWh), and estimated annual reduced/avoided emissions (tCO_2e). Sustainalytics views NIBC's allocation and impact reporting as aligned with market practice.

Evaluation Date	June 16, 2021
Issuer Location	The Hague, Netherlands

Report Sections

For inquiries, contact the Sustainable Finance Solutions project team:

Zach Margolis (Toronto)
Project Manager
zach.margolis@sustainalytics.com
(+1) 647 695 4341

Charles Cassaz (Amsterdam)
Project Lead

Taylor Whitfield (Toronto)
Project Support

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

Alignment with the EU Taxonomy

Sustainalytics has assessed NIBC's Green Bond Framework for alignment with the EU Taxonomy and is of the opinion that the four eligibility criteria set in the Framework map to four EU activities; three align with the applicable Technical Screening Criteria in the EU Taxonomy while one partially aligns; and that all four align or partially align with the Do No Significant Harm Criteria. No categories were determined to be not aligned. Sustainalytics is also of the opinion that the activities and projects to be financed under the Framework will be carried out in alignment with the EU Taxonomy's Minimum Safeguards.

Introduction

NIBC ("NIBC" or the "Company") 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 Green Bond Framework (the "Framework") under which it intends to issue one or more green bonds and use the proceeds to finance and/or refinance, in whole or in part, existing and/or future projects that are expected to increase the energy efficiency of buildings in the Netherlands and advance the shift to a low-carbon economy in the EU. The Framework defines eligibility criteria in two areas:

1. Renewable Energy
2. Green Buildings

NIBC engaged Sustainalytics to review the NIBC Green Bond Framework, dated May 2021, and to provide a Second-Party Opinion on the Framework's environmental credentials and its alignment with the Green Bond Principles 2018 (GBP).[1] This Framework has been published in a separate document.[2]

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

Sustainalytics' Second-Party Opinion reflects Sustainalytics' independent[3] opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

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

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

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.8.1, which is informed by market practice and Sustainalytics' expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of 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 the Framework. NIBC representatives have confirmed (1) they understand it is the sole responsibility of NIBC to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

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

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

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

[1] The Green Bond Principles are administered by the International Capital Market Association and are available at https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/.
[2] The NIBC Green Bond Framework is available on NIBC's website at: https://www.nibc.com/about-nibc/sustainability/
[3] When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics' hallmarks is integrity, another is transparency.

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

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

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

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the NIBC Green Bond Framework

Sustainalytics is of the opinion that the NIBC Green Bond Framework is credible and impactful, and aligns to the four core components of the GBP. Sustainalytics highlights the following elements of NIBC's Green Bond Framework:

- Use of Proceeds:
  - The eligible categories, Renewable Energy and Green Buildings, are aligned with those recognized by the GBP. Sustainalytics notes that the activities financed by the proceeds of the green bonds issued under the Framework are expected to increase the energy efficiency of buildings in the Netherlands and advance the shift to a low-carbon economy in the EU and the UK.
  - Within Green Buildings, NIBC may finance residential and commercial real estate assets that have either received or will receive an Energy Performance Certificate (EPC) class A or higher or belong to the top 15% low-carbon real estate buildings in the Netherlands. The Framework specifies that NIBC will rely on whichever of these two criteria is most stringent in order to define eligibility. Sustainalytics recognizes the criteria as credible, noting their alignment with the EU Taxonomy Climate Delegated Act[4] (see below for Sustainalytics' full assessment of alignment to the EU Taxonomy).
  - Regarding Renewable Energy activities, NIBC may finance renewable energy facilities using solar and wind energy sources. The projects are aligned with market practice and can be expected to contribute to decarbonizing power generation in the EU and the UK.
- Project Evaluation and Selection:
  - NIBC's Green Bond Working Group (the "Working Group") will be responsible for the project evaluation and selection process. The Working Group comprises representatives of the Sustainability Department, Corporate Client Offering, Retail Client Offering and Treasury Projects teams. Projects are evaluated and selected based on compliance with the eligibility criteria outlined in the Framework.
  - Based on these elements, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
  - The Working Group will manage the proceeds on a portfolio basis, monitoring the assets' portfolio on an annual basis. The proceeds will be credited to a dedicated account or tracked by NIBC to exclusively allocate an amount equivalent to the net proceeds to a portfolio of eligible assets. NIBC intends to reach full allocation, on a best effort basis within 24 months after issuance. Pending allocation, proceeds will be managed according to the Bank's Treasury criteria.
  - Based on these elements, Sustainalytics considers this process to be in line with market practice.

[4] The EU Taxonomy Climate Delegated Act aims to support sustainable investment by making it clearer which economic activities most contribute to meeting the EU's environmental objectives.
European Commission, "Technical annex to the TEG final report on the EU taxonomy", (2021), at: https://ec.europa.eu/info/files/200309-sustainable-finance-teg-final-report-taxonomy-annexes_en

- Reporting:
  - NIBC intends to report on allocation of proceeds on its website, on an annual basis, until full allocation. Allocation reporting will include the total amount of green bonds and proceeds allocated, an overview of the assets per category, the geographical distribution of the assets, the balance of unallocated proceeds, and the share of financing vs. refinancing. In addition, NIBC is committed to reporting on relevant impact metrics, including the total capacity (MW) and renewable energy generation (MWh), and the estimated avoided emissions (ktCO2e) of the renewable energy assets, and the estimated annual reduced/avoided emissions (tCO_2e) by green buildings.
  - Based on these elements, Sustainalytics considers this process to be in line with market practice.

Alignment with Green Bond Principles 2018

Sustainalytics has determined that the NIBC Green Bond Framework aligns to the four core components of the GBP. For detailed information please refer to Appendix 1: Green Bond/Green Bond Programme External Review Form.

Alignment with the EU Taxonomy

Sustainalytics has assessed each of the Framework's eligible green use of proceeds criteria against the relevant criteria in the EU Taxonomy and determined their alignment with each of the Taxonomy's three sets of requirements. The results of this assessment are as follows:

1. Technical Screening Criteria ("TSC")
   - Out of the four eligible green criteria outlined in the Framework, which are associated with four activities within the EU Taxonomy, three were assessed as aligned and one as partially aligned. No criteria were found to be not aligned.
2. Do No Significant Harm ("DNSH") Criteria
   - All four of the activities are partially aligned with applicable DNSH criteria.
   - The four activities assessed have a total of 13 individual DNSH criteria (across all environmental objectives) applicable to them and are aligned with five and partially aligned with eight; no individual DNSH criteria were found to be not aligned.
3. Minimum Safeguards
   - Based on a consideration of the policies and management systems applicable to Framework criteria, as well as the regulatory context in which financing will occur, Sustainalytics is of the opinion that the EU Taxonomy's Minimum Safeguards requirements will be met.
   - For Sustainalytics' assessment of alignment with the Minimum Safeguard see Section 2 below.

Table 1 provides an overview of the alignment of NIBC's Framework with the TSC and DNSH criteria for the corresponding NACE[5] activities in the EU Taxonomy.

Table 1: Summary of Alignment of Framework Criteria with the EU Taxonomy

Activity	Alignment with Taxonomy Criteria		Alignment per EU Environmental Objective					
	TSC	DNSH	Mitigation	Adaptation	Water	Circular Economy	Pollution	Eco-systems
Electricity generation from wind power	■	□	■	□	□	□	–	■

[5] The EU Taxonomy is based on economic activities defined in NACE (Nomenclature des Activités Économiques dans la Communauté Européenne). The Taxonomy lists 72 economic activities which have been chosen due to their ability to substantially contribute to climate change mitigation or adaptation.

Electricity generation using solar photovoltaic technology	■	◘	■	◘	–	■	–	■
Construction of new buildings	◘	◘	◘	◘	◘	◘	■	■
Acquisition and ownership of buildings	■	◘	■	◘	–	–	–	–

Legend	
Aligned	■
Partially aligned	◘
Not aligned	☒
No applicable DNSH criteria for this Objective and/or Activity	–
Grey shading indicates the primary EU Environmental Objective	

Section 2: Sustainability Performance of NIBC

Contribution of Framework to NIBC's sustainability performance

NIBC recognizes its responsibility "to respect the environment, protect biodiversity, and take action to mitigate climate change risks and impacts."[6] As such, 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.[7] Since 2012 NIBC has continued to achieve carbon neutrality in its own operations and has aligned its financed emissions reduction targets with the IPCC's 1.5-degree scenario goal of net zero by 2050.[8] Sustainalytics is of the opinion that the green assets financed through the Framework align with NIBC's demonstrated track record of sustainability in its operations, in particular GHG emissions performance. Sustainalytics highlights the following environmental initiatives and performance:

- As of 2019, 56% of NIBC's retail mortgage portfolio achieved an EPC class A, B, or C, while 38% of the portfolio had an EPC label D, E, F, or G. Within its commercial real estate portfolio, the Bank achieved 75% of EPC class C or better.[9] Targeting buildings with EPC class A or higher as part of the Framework's activities could further support the Bank's commitment to green buildings.
- The Bank has achieved a reduction in its financed emissions related to corporate banking by 35% between 2010 and 2019, in line with net-zero by 2050 targets.[10] According to the Bank's forecasts, should NIBC decarbonize its portfolio at the same path, a linear projection from the 2010 baseline leads to a 60% financed emissions reduction by 2030, an 80% reduction by 2040, and net-zero emissions by 2047-2048. While NIBC recognizes that the Bank's financed emissions are significantly higher than those of its operations, the Bank is committed to further reducing the former.
- NIBC has achieved 100% screening of new corporate loans against its sustainability policy.[11] NIBC's sustainability policy outlines the Bank's approach to sustainability and the environmental and social criteria for provision of financial services.[12] For more information about NIBC's sustainability policy, please refer to the risk section below.

Sustainalytics is of the opinion that NIBC's Framework is aligned with the Bank's overall sustainability strategy and initiatives and will further the Bank's action on its key environmental priorities. While Sustainalytics also acknowledges that NIBC has a robust and transparent approach to sustainability integrated into the core business, it encourages NIBC to develop additional quantitative, time-bound financial investment targets.

[6] NIBC, "NIBC Sustainability Report", (2020), at: https://www.nibc.com/media/2748/nibc-sustainability-report.pdf
[7] at: UNFCCC, "Paris Agreement", at: https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement
[8] IPCC, "Mitigation Pathways Compatible with 1.5°C in the Context of Sustainable Development", at: https://www.ipcc.ch/site/assets/uploads/sites/2/2019/02/SR15_Chapter2_Low_Res.pdf
[9] NIBC, "NIBC Sustainability Report", (2020), at: https://www.nibc.com/media/2748/nibc-sustainability-report.pdf
[10] Ibid.
[11] NIBC, "NIBC Sustainability Report", (2020), at: https://www.nibc.com/media/2748/nibc-sustainability-report.pdf
[12] NIBC, "NIBC Sustainability Policy", (2020), at: https://www.nibc.com/media/1441/nibc-sustainability-policy.pdf

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

While Sustainalytics is of the opinion that the projects financed through the Framework are expected to provide overall positive environmental impacts, it is recognized that energy infrastructure and real estate investment projects pose potential environmental and social risks – including construction waste and pollution, risks related to community relations, and occupational health and safety. While Sustainalytics notes that NIBC is not directly responsible for the day-to-day operation of the green assets that it finances, banks providing project finance still have a role to play to ensure risk mitigation. 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[12] 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 a Rapid Risk Screen as an initial risk assessment that indicates the level of E&S due diligence required.[13] A green light means that no further E&S due diligence is required, an amber light implies the need for 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 for stakeholder engagement.[14]
  - The E&S due diligence process described results in a category of low, medium, or high E&S risk, according to which, lending decisions are either approved ("low"), subject to further scrutiny from the Bank's Sustainability team before approval ("medium"), or requires further consultation with Sustainability team and/or is referred back to the Engagement Committee ("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[15] identifies sector-specific risks for renewable energy investments. For wind and solar power generation, identified risks include potential impacts on legally protected areas or critical natural habitats, biodiversity or ecosystems, and physical resettlement or economic displacement as a result of new infrastructure. To address these risks NIBC relies on the regulatory frameworks of the countries where the utilities operate, and industry best practices that include United Nations Environment Programme and Environmental Impact Assessment.[16]

Based on the above policies, standards and procedures, Sustainalytics considers NIBC well-positioned to manage and mitigate relevant risks commonly associated with the eligible categories.

Alignment with the EU Taxonomy's Minimum Safeguards

The EU Taxonomy recommends that companies have policies aligned with international and regional guidelines and regulations pertaining to human rights, labour rights, and combating bribery and corruption. Specifically, activities should be carried out in alignment with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. Additionally, companies should be in compliance with the International Labour Organisation's (ILO) declaration on Fundamental Rights and Principles at Work.

Human and labour rights

NIBC considers that the Universal Declaration of Human Rights forms part of the guiding principles that govern its day-to-day operations. The Bank supports the Voluntary Principles on Security and Human rights that seek to align corporate policies with internationally recognized human right principles. For example, NIBC expects free, informed, and prior consent ("FPIC") for local communities and stakeholders where human rights might be significantly and adversely impact by a company or a project. Moreover, NIBC encourages suppliers to include clauses on compliance with human rights.

[13] NIBC, "NIBC Sustainability Framework", (2020), https://www.nibc.nl/media/1440/nibc-sustainability-framework.pdf
14 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?"
[15] NIBC, "NIBC Renewables Sustainability Policy", (2020), at: https://www.nibc.com/media/1437/nibc-renewables-sustainability-policy.pdf
[16] NIBC, "NIBC Renewables Sustainability Policy", (2020), at: https://www.nibc.com/media/1437/nibc-renewables-sustainability-policy.pdf

In addition, NIBC has implemented the following policies and procedures aimed at ensuring human and labour rights:

- NIBC commits to perform ESG due diligence and assessment of relevant and material human and labour rights for all corporate clients and transactions, with the aim to assess 100% of its new corporate loans.
- NIBC encourages its stakeholders to include clauses on compliance with human and labour rights in their contracts with subcontractors and suppliers. Furthermore, the Bank expects its stakeholders to provide evidence, where feasible, via certifications, site visits, and/or audits to ensure responsible practice throughout the supply chain. The Bank is committed to refraining from dealing with stakeholders that have consistently demonstrate human rights and labour standards violations mentioned in the Bank's policies, such as the Sustainability Framework, the Sustainability Policy, and the Human Rights sustainability policy supplement.

Sustainalytics has not detected involvement in any relevant controversies which would suggest that the above policies are not being implemented effectively and is of the opinion that these measures appropriately safeguard minimum standards on human and labour rights in relation to the activities of the framework.

Anti-bribery and anti-corruption

NIBC actively fights fraud, corruption, and bribery under its established Global Anti-Fraud Bribery and Corruption (FBC) Policy. Fraud, bribery, and corruption include activities such as tax evasion and anti-competitive practices. The purpose of this Global Anti-FBC Policy is to set out the steps to achieve the following: prevent or minimize the risk of FBC, detect incidences/indications of FBC and create a hostile (deterrent) environment to FBC within the Bank business. When establishing the integrity risk profile of clients, NIBC takes FBC risks into account.

Within NIBC, several policies are in place that supports and contribute to the Global Anti-FBC Framework, including the Code of Conduct, the Policy on Whistle Blowing, the Policy on Special Investigation, the Incidents Policy, the Engagement Committee, and the Policy on Gifts & Entertainment.

NIBC monitors the application of the FBC Policy by evaluating the anti-FBC controls and evaluating and monitoring the FBC risk assessments. The responsibility for the prevention, detection, and deterrence of possible FBC lies with every individual employee. Staff members must be aware of the types of misconduct, impropriety, and criminal behavior that might occur within their area of responsibility and be alert for any indication of irregularity. Therefore, all staff receives mandatory training on NIBC's Code of Conduct and related compliance policies such as anti-corruption, anti-money laundering (AML), and anti-bribery. In line with the Bank's commitment to the principles of the United Nations Global Compact (UNGC), NIBC does not accept or tolerate any instance of bribery, corruption, or fraud. Any NIBC employee found giving or accepting bribes, or committing any other acts of corruption, will face disciplinary action. NIBC does not want to engage with clients who have consistently violated the UNGC principles and do not provide any level of commitment to improve.

Based on these policies, standards, and assessments, Sustainalytics is of the opinion that NIBC policies, guidelines and commitments are sufficient to demonstrate that the activities and projects to be financed under the Framework will be carried out in alignment with the EU Taxonomy's Minimum Safeguards.

Section 3: Impact of Use of Proceeds

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

Importance of energy-efficient buildings in the Netherlands

Buildings are responsible for approximately 40% of the EU's total primary energy consumption and 36% of CO_2 emissions – making the sector the single largest energy consumer and source of emissions in Europe.[17] In

[17] 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

the Netherlands, the built environment[18] is responsible for approximately 28% of the country's total energy consumption.[19] The Dutch Government has laid out a multi-sectoral approach to reducing GHG emissions, which is intended to be aligned with the EU's overall climate strategy.[20] This approach includes the construction and housing sector, which are the source of approximately 15% of emissions in the Netherlands.[21]

Moreover, one of the action areas to address the industry's emissions is the requirement that all homes, commercial buildings, and public buildings receive EPCs when they are being built, sold or rented.[22] The Government intends to gradually make EPC requirements to obtain building permits more stringent, so that new buildings are continually more efficient; the next update to this system is intended to move beyond EPCs to a new system based on the BENG,[23] which is compliant with near-net-zero energy buildings. As of 1 January 2021 a new standard is used to determine Energy Performance Certificates, whereas before the energy performance certificate was based on the energy index of a property, the new metric has changed to primary fossil energy consumption (in kWh/m2.jr).[24]

Considering the goals and policy directives of the Dutch government, Sustainalytics is of the opinion that the asset selection criteria defined by NIBC is aligned with the Dutch government's initiatives to improve energy efficiency in residential and commercial buildings and contribute to the overall efforts to achieve commitments. The assets selected represent the top 15% commercial and residential buildings or have either received or will receive an EPC class A or higher.

The role of renewable energy in achieving climate goals across the EU

EU-Member States and the UK 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_2/kWh in the UK to 488gCO_2/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[25] 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 and the UK in meeting its renewable energy targets.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 by the United Nations General Assembly and form an agenda for achieving sustainable development by the year 2030. The bond(s) issued under the NIBC Green Bond Framework advances the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target

[18] The CO2 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
[19] EBN, "Energie in Nederland 2019", (2019), at: https://www.ebn.nl/wp-content/uploads/2019/03/EBN_Infographic-2019_14MRT19.pdf
[20] Government of the Netherlands, "Dutch goals within the EU", https://www.government.nl/topics/climate-change/eu-policy
[21] Government of the Netherlands, "Measures to reduce greenhouse gas emissions", https://www.government.nl/topics/climate-change/nationalmeasures
[22] Government of the Netherlands, "Mandatory EPCs for buildings", https://www.government.nl/topics/energy-performance-certificates-for-homes-andbuildings/mandatory-epcs-for-buildings
[23] "BENG" is the Dutch acronym for almost net-zero buildings.
[24] Government of the Netherlands, "Energieprestatie – BENG", https://www.rvo.nl/onderwerpen/duurzaam-ondernemen/gebouwen/wetten-en-regelsgebouwen/nieuwbouw/energieprestatie-beng
[25] 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

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	11. Sustainable Cities and Communities	11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries.

Conclusion

NIBC has developed the NIBC Green Bond Framework under which it may issue green bonds and use the proceeds to finance renewable energy and green buildings projects. Sustainalytics considers that the projects funded by the green bond are expected to increase the energy efficiency of buildings in the Netherlands and advance the shift to a low-carbon economy in the EU and the UK.

The 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 the Framework is aligned with the overall sustainability strategy of the company and that the green use of proceed categories will contribute to the advancement of the UN SDG 7 and 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 green bonds and that the Framework is robust, transparent, and in alignment with the four core components of the GBP 2018.

Appendices

Appendix 1: Approach to Assessing Alignment with the EU Taxonomy

Approach to Alignment Assessment

Sustainalytics has assessed each of the eligible green use of proceeds criteria in the Framework against the criteria for the relevant NACE[26] activity in the EU Taxonomy. This appendix describes Sustainalytics' process and presents the outcome of its assessment of alignment with the Taxonomy's applicable Technical Screening Criteria (TSC) and Do No Significant Harm (DNSH) criteria. Sustainalytics' assessment involves two steps:

1. Mapping Framework Criteria to Activities in the EU Taxonomy

The initial step in Sustainalytics' assessment process involves mapping each criterion in the Framework to a relevant and applicable NACE activity in the EU Taxonomy. Note that each Framework criterion may be relevant and applicable to more than one NACE activity and vice versa. Sustainalytics recognizes that some Framework criteria relate to projects that do not map well to a NACE activity. In such cases, Sustainalytics has mapped to the NACE activity that is most relevant with respect to the primary environmental objective and impacts.

In some cases, the Framework criteria cannot be mapped to an activity in the EU Taxonomy, as some activities are not yet covered by the Taxonomy, and some categories which are traditionally included in green bonds may not be associated with a specific economic activity. While recognizing that financing projects in these areas may still have environmental benefits, Sustainalytics has not assessed these criteria for alignment.

The outcome of Sustainalytics' mapping process for NBIC's Framework is shown in Appendix 2 Error! Reference source not found. below.

2. Determining Alignment with EU Taxonomy Criteria

The second step in Sustainalytics' process is to determine the alignment of each criterion with relevant criteria in the EU Taxonomy. Alignment with the TSC and DNSH criteria is usually based on the specific criteria contained in the issuer's Framework, and may in many cases (especially DNSH criteria) also be based on management systems and processes and/or regulatory compliance. To assess alignment with the EU Taxonomy's Minimum Safeguards Sustainalytics has conducted an assessment of policies, management systems and processes applicable to the use of proceeds, as well as examining the regulatory context in the geographical location in which the issuer will finance activities and projects. (This assessment is included in Section 2, above.)

In cases where the Framework criteria describe projects which are intended to advance EU environmental objectives other than Climate Mitigation or Climate Adaptation, the Taxonomy does not include relevant TSC. In these cases, Sustainalytics has assessed the activity for alignment with the DNSH criteria across all objectives.

Sustainalytics' detailed assessment of alignment is provided in Appendix 2.

[26] Nomenclature des Activités Économiques dans la Communauté Européenne.

Table 2: Framework mapping table

Framework Category	Framework Criterion (Eligible Use of Proceeds)	EU / NACE Activity	NACE Code	Primary EU Environmental Objective	Refer to Table
Renewable Energy	Wind Energy	Electricity generation from wind power	D35.11 F42.22	Mitigation	Table 3
	Solar Energy	Electricity generation using solar photovoltaic technology	D.35.11 F42.22	Mitigation	Table 4
Green Buildings	Commercial & Residential Real Estate	Construction of new buildings	F41 F43	Mitigation	Table 5
		Acquisition and ownership of buildings	L68	Mitigation	Table 6

Appendix 2: Comprehensive EU Taxonomy Alignment Assessment

The tables below provide a detailed assessment of the alignment of NIBC's Framework criteria with the EU Taxonomy's TSC and DNSH criteria for the relevant NACE activity.

Table 3

Framework Activity assessed	Renewable Energy		
EU Activity	Electricity generation from wind power		
NACE Code	D35.11 F42.22		
EU Technical Screening Criteria		***Alignment with Technical Screening Criteria***	
Mitigation	The activity generates electricity from wind power.	Eligible by default	Aligned
DNSH Criteria		***Alignment with DNSH Criteria***	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 7.		
Transition to a circular economy	The activity assesses availability of and, where feasible, uses equipment and components of high durability and recyclability and that are easy to dismantle and refurbish.	NIBC relies on inspection and certification processes employed by its corporate clients. The Bank gathers evidence during due diligence regarding certifications and sourcing, including information and project commitments provided privately, as well as from publicly available information. Referenced certifications may include, but are not limited to: ISO 14040/44 life cycle assessment, IEC 61400-1, IEC 61400-22 (DNVGL-SE-0073), IEC WT 01, RFG Compliance Verification, DNVGL-SE-0190, CE Mark, TUV Certification, KIWA Certification, KBI Certification. Sustainalytics recognizes that the ultimate responsibility for ensuring compliance with this criterion rests with the project proponent and that NIBC's involvement with operational decisions may be limited.	Partially aligned
Sustainable use and protection of water and marine resources	In case of construction of offshore wind, the activity does not hamper the achievement of good environmental status as set out in Directive 2008/56/EC of the European Parliament and of the Council, requiring that the appropriate measures are taken to prevent or mitigate impacts in relation to that Directive's Descriptor 11 (Noise/Energy), laid down in Annex I to that Directive, and as set out in Commission Decision (EU) 2017/848 159 in relation to the relevant criteria and methodological standards for that descriptor.	NIBC conducts a due diligence process, including both public and private information from its clients to which financing is provided, to ensure appropriate assessments have been carried out. Furthermore, all offshore wind projects are subject to appropriate environmental permitting which requires environmental assessments; Sustainalytics recognizes that the regulatory regimes in the countries in which projects may be located is robust. NIBC also aims to ensure compliance with international financing standards such as the IFC Performance Standards and Equator Principles, where relevant.	Partially aligned

Protection and restoration of biodiversity and ecosystems	Refer to the assessment set out in Appendix 3, Table 8.

Table 4

Framework Activity assessed	Renewable Energy		
EU Activity	Electricity generation using solar photovoltaic technology		
NACE Code	D35.11 F42.22		
EU Technical Screening Criteria		***Alignment with Technical Screening Criteria***	
Mitigation	The activity generates electricity from solar power using photovoltaics.	NIBC has confirmed that all solar projects financed are solar PV, and therefore are eligible by default.	Aligned
DNSH Criteria		***Alignment with DNSH Criteria***	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 7.		
Transition to a circular economy	The activity assesses availability of and, where feasible, uses equipment and components of high durability and recyclability and that are easy to dismantle and refurbish.	NIBC relies on inspection and certification processes employed by its corporate clients. The Bank gathers evidence during due diligence regarding certifications and sourcing, including information and project commitments provided privately, as well as publicly available information. Such certifications may include, but are not limited to: ISO 14040/44, IEC/EN61251, IEC/EN61730, CEN Keymark, CE Mark, TUV Certification, KIWA Certification, KBI Certification. In the EU, the Waste Electrical and Electronic Equipment Directive (WEEE) regulates the treatment of electrical and electronic waste at the end of their life cycle. WEEE set the fundamental legal rules and obligation for collecting and recycling photovoltaic panels in the European Union, including setting minimum collection and recovery targets. All photovoltaic modules available in the EU can be disposed of, notwithstanding the type of technology used. Most parts of a solar module can be recycled, including glass, semiconductor materials, ferrous and non-ferrous metals.	Aligned
Protection and restoration of biodiversity and ecosystems	Refer to the assessment set out in Appendix 3, Table 8.		

Table 5

Framework Activity assessed	Green Buildings		
EU Activity	Construction of new buildings		
NACE Code	D35.11 F42.22		
EU Technical Screening Criteria		***Alignment with Technical Screening Criteria***	
Mitigation	The Primary Energy Demand (PED) is at least 10 % lower than the threshold set for the nearly zero-energy building (NZEB) in the relevant national regulation. For buildings larger than 5000 m^2 the building undergoes testing for air-tightness and thermal integrity. For buildings larger than 5000 m^2 the life-cycle Global Warming Potential of the building resulting from the construction has been calculated for each stage in the life cycle and is disclosed.	For buildings built after 1 January 2021, a PED threshold of at least 10% below that of NZEB will be applied by NIBC. For buildings larger than 5,000 m^2, NIBC relies on inspection and certification processes employed by its clients to ensure alignment with the TSC. The Bank gathers evidence during due diligence regarding certifications and sourcing, including information and project commitments provided privately, as well as publicly available information. Certifications the Bank relies upon in this area include NEN 1087:2019, NEN-EN 13829 (method A), and NEN-EN 13141-1 (ventilation & air tightness performance). Sustainalytics considers the Bank's criteria to comply with the Taxonomy's criteria around energy, while recognizing that the intended client-led certification and inspection process partially addresses the Taxonomy's requirements around operational performance and construction materials. Sustainalytics also notes the ongoing development of regulatory or certification-based schemes that would comply with these criteria,	Partially Aligned
DNSH Criteria		***Alignment with DNSH Criteria***	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 7.		
Transition to a circular economy	Building designs and construction techniques support circularity and in particular demonstrate (with reference to ISO 20887 or other standard) how they are designed to be more resource efficient, adaptable, flexible, and dismantleable to enable reuse and recycling. At least 70 % (by weight) of the non-hazardous construction and demolition waste generated on the construction site (excluding naturally occurring material) is prepared for reuse, recycling and other material recovery. Operators limit waste generation in processes related to construction and demolition, in accordance with the EU Construction and Demolition Waste Management Protocol	NIBC relies on assessment and certification processes employed by its corporate clients. It gathers evidence during due diligence in regard to certifications and sourcing. These include information provided privately by its clients and project commitments, as well as publicly available information. Such assessments and certifications may include, but are not limited to: ISO 20887 , Cradle to Cradle, LEED, BREEAM, EU Environmental Impact Assessment (EIA)	Partially aligned

Sustainable use and protection of water and marine resources	For commercial buildings, water fixtures must meet the following criteria: - wash hand basin taps and kitchen taps have a maximum water flow of 6 litres/min; - showers have a maximum water flow of 8 litres/min; - WCs, including suites, bowls and flushing cisterns, have a full flush volume of a maximum of 6 litres and a maximum average flush volume of 3,5 litres; - urinals use a maximum of 2 litres/bowl/hour. Flushing urinals have a maximum full flush volume of 1 litre	NIBC relies on inspection and certification processes employed by its corporate clients. It gathers evidence during due diligence in regard to certifications and sourcing. These include information provided privately by its clients and project commitments, as well as publicly available information. Such certifications may include, but are not limited to: EU, Environmental Impact Assessment (EIA), NEN-EN 13077:2018 (backflow prevention), NEN-EN-ISO 4064-4.	Partially aligned
Pollution Prevention and Control	Building components and materials used in the construction comply with the criteria set out in Appendix C to the Annex 1 of the Delegated Act.	NIBC relies on independent environmental inspections contracted by corporate clients to determine the presence or absence of any hazardous materials. It is prohibited to manufacture, import or trade products containing mercury in the Netherlands, such as thermometers and manometers, light sources, or electronic products (e.g. switches).	Aligned
Protection and restoration of biodiversity and ecosystems	Refer to the assessment set out in Appendix 3, Table 8.		

Table 6

Framework Activity assessed	Green Buildings		
EU Activity	Acquisition and Ownership of Buildings		
NACE Code	L68		
EU Technical Screening Criteria		***Alignment with Technical Screening Criteria***	
Mitigation	Buildings built before 31 December 2020, should have at least an Energy Performance Certificate (EPC) class A, or operate within the top 15% of the national or regional building stock expressed as operational Primary Energy Demand (PED) and demonstrated by adequate evidence. For buildings built after 31 December 2020, the building meets the criteria specified in Appendix 2 Table 5.	NIBC relies on inspection and certification processes employed by its corporate clients, utilizing definitive energy label A or better, registered after 1 Jan 2013 as a proxy for those buildings in the top 15% of the regional building stock.	Aligned
DNSH Criteria		***Alignment with DNSH Criteria***	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 7.		

Protection and restoration of biodiversity and ecosystems	Refer to the assessment set out in Appendix 3, Table 8.

Appendix 3: Criteria for Do No Significant Harm ("DNSH") to Climate Change Adaptation and Protection and Restoration of Biodiversity and Ecosystems

Table 7

Criteria for DNSH to Climate Change Adaptation		
DNSH Criteria	***Alignment with DNSH Criteria***	
The physical climate risks that are material to the activities mentioned above have been identified by the Issuer by performing a robust climate risk and vulnerability assessment.[27] The assessment must be proportionate to the scale of the activity and its expected lifespan, such that: • for investments into activities with an expected lifespan of less than 10 years, the assessment is performed, at least by using downscaling of climate projections; • for all other activities, the assessment is performed using high resolution, state-of-the-art climate projections across a range of future scenarios consistent with the expected lifetime of the activity, including, at least, 10 to 30 years climate projections scenarios for major investments. The issuer has developed a plan to implement adaptation solutions to reduce material physical climate risks to the selected activities under this framework. • For new activities the Issuer ensures that adaptation solutions do not adversely affect the adaptation efforts or the level of resilience to physical climate risks of other people, of nature, of assets and of other economic activities and are consistent with local, sectoral, regional or national adaptation efforts. • For activities that involve upgrading or altering existing assets or processes, the Issuer must implement adaptation solutions identified within five years from the start of the activity. In addition, selected adaptation solutions must not adversely affect the adaptation efforts or the level of resilience to physical climate risks of other people, of nature, of assets and of other economic activities and are consistent with local, sectoral, regional or national adaptation efforts.	NIBC has a risk management approach in place that includes climate risks. NIBC has not seen yet significant physical risk impacts on its clients' own operations but noticed isolated disruptions in their supply chains. NIBC also disclosed that its corporate clients are developing climate adaptation strategy to make their supply chain and processes more climate resilient. NIBC has indicated that projects that are considered for eligibility under NIBC's Green Bond Framework have a long-term lifespan, ranging from 20 years or more for renewable energy assets, to longer than 20 years for buildings. Sustainalytics recognizes that commercial and residential buildings, while still vulnerable to climate-related hazards and in particular risks from flooding and severe weather events, do not face the same degree of exposure as large infrastructure projects such as renewable energy facilities. Furthermore, many risks such as those related to flood risks, are in part addressed by the regulatory context in which they exist, notably local government planning ordinances. NIBC has charged its Green Bond Working Group with ensuring that financed provided its green bonds proceeds is directed to projects that comply with these DNSH criteria. Specifically, the Bank has disclosed that it assesses all energy projects which may receive financing to ensure that they have climate adaptation plans in place. As defined in the Bank's Sustainability Framework, all project finance transaction are subject to ESG assessments that rely on NIBC's Sustainability Toolkit. These policies do not specifically mandate climate adaptation and resilience assessments, but NIBC has disclosed that it intends to engage with clients to ensure that project proponents are equipped to appropriately manage and assess such risks.	Partially Aligned

[27] The EU Delegated Act identifies several climate related risk and classifies them into chronic or acute risks, Chronic risks include -changing temperature (air, freshwater, marine water), changing wind patterns, changing precipitation patterns and types, coastal erosion, heat stress, ocean acidification, sea-level rise, and solifluction. Acute risks pertain to – heat/ cold wave, wildfire, cyclone, hurricane, tornado, storm, drought, landslide, flood, and glacial lake outburst. For a complete list of climate related risk please refer to Section 2 of Appendix E of EU's draft delegated regulation (Annex 1), at: https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12302-Climate-change-mitigation-and-adaptation-taxonomy#ISC_WORKFLOW

	On this basis Sustainalytics finds the Bank's climate change adaptation policies to be partially aligned with the intent of the taxonomy	

Table 8

Criteria for the Protection and Restoration of Biodiversity and Ecosystems		
DNSH Criteria	***Alignment with DNSH Criteria***	
• An Environmental Impact Assessment (EIA) or screening has been completed, for activities within the Union, in accordance with Directive 2011/92/EU. For activities in third countries, an EIA has been completed in accordance with equivalent national provisions or international standards. • Where an EIA has been carried out, the required mitigation and compensation measures for protecting the environment are implemented. • For sites/operations located in or near biodiversity-sensitive areas (including the Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas, as well as other protected areas), an appropriate assessment, where applicable, has been conducted and based on its conclusions the necessary mitigation measures are implemented.	For the activities in relation to green buildings, Sustainalytics considers the intents of this criteria achieved by relevant local regulation in the countries in which financing is provided. As it relates to energy projects, EIA's are carried out in accordance with the permitting process in regions where NIBC is active, in alignment with regulation for any large-scale project or projects which involve harmful materials and greenfield projects, and for projects that are located in or near High Conservation Value areas. As financier, NIBC ensures that any required measures are budgeted and part of the financial projections and plan for the project. Projects are monitored at minimum as part of an annual credit review or as otherwise specified in the plan, financial covenants, or side letter agreements.	Aligned

Appendix 4: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	NIBC
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	NIBC Green Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	June 16, 2021
Publication date of review publication:	

Section 2. Review overview

SCOPE OF REVIEW

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

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

☒	Use of Proceeds	☒	Process for Project Evaluation and Selection
☒	Management of Proceeds	☒	Reporting

ROLE(S) OF REVIEW PROVIDER

☒	Consultancy (incl. 2nd opinion)	☐	Certification
☐	Verification	☐	Rating
☐	Other *(please specify)*:		

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

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

Please refer to Evaluation Summary above.

Section 3. Detailed review

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

1. USE OF PROCEEDS

Overall comment on section *(if applicable)*:

The eligible categories for the use of proceeds, Renewable Energy and Green Buildings, are aligned with those recognized by the Green Bond Principles 2018. Sustainalytics considers that financing in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 3, 7, 8, 9 and 11.

Use of proceeds categories as per GBP:

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

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

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

NIBC's Green Bond Working Group will be responsible for the project evaluation and selection process. Projects are evaluated and selected based on compliance with the eligibility criteria outlined in the Framework. Sustainalytics considers the project selection process in line with market practice.

Evaluation and selection

☒	Credentials on the issuer's environmental sustainability objectives	☒	Documented process to determine that projects fit within defined categories
☒	Defined and transparent criteria for projects eligible for Green Bond proceeds	☒	Documented process to identify and manage potential ESG risks associated with the project

☒ Summary criteria for project evaluation and selection publicly available

☐ Other *(please specify):*

Information on Responsibilities and Accountability

☐ Evaluation / Selection criteria subject to external advice or verification

☐ In-house assessment

☐ Other (please specify):

3. MANAGEMENT OF PROCEEDS

Overall comment on section *(if applicable)*:

NIBC's Green Bond Working Group will manage the proceeds on a portfolio basis, monitoring the assets' portfolio on an annual basis. NIBC intends to reach full allocation, on a best effort basis within 24 months after issuance. Pending allocation, proceeds will be managed according to the Bank's Treasury criteria. This is in line with market practice.

Tracking of proceeds:

☒ Green Bond proceeds segregated or tracked by the issuer in an appropriate manner

☒ Disclosure of intended types of temporary investment instruments for unallocated proceeds

☐ Other *(please specify)*:

Additional disclosure:

☐ Allocations to future investments only

☒ Allocations to both existing and future investments

☐ Allocation to individual disbursements

☒ Allocation to a portfolio of disbursements

☒ Disclosure of portfolio balance of unallocated proceeds

☐ Other *(please specify)*:

4. REPORTING

Overall comment on section (if applicable):

NIBC intends to report on allocation of proceeds on its website, on an annual basis, until full allocation. Allocation reporting will include the total amount of green bonds and proceeds allocated, an overview of the assets per category, the geographical distribution of the assets, the balance of unallocated proceeds, and the share of financing vs. refinancing. In addition, NIBC is committed to reporting on relevant impact metrics, such as total capacity and renewable energy generation (MWh), and estimated annual reduced/avoided emissions (tCO_2e). Sustainalytics views NIBC's allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

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

Information reported:

☒ Allocated amounts
☐ Green Bond financed share of total investment
☐ Other *(please specify):*

Frequency:

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

Impact reporting:

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

Information reported (expected or ex-post):

☒ GHG Emissions / Savings
☐ Energy Savings
☐ Decrease in water use
☒ Other ESG indicators (please specify): Total capacity and renewable energy generation in MWh

Frequency

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

Means of Disclosure

☐ Information published in financial report
☐ Information published in sustainability report
☐ Information published in ad hoc documents
☒ Other (please specify): Company website
☒ Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): Use of proceeds

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/aboutnibc/sustainability/

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

☐ Consultancy (incl. 2nd opinion)
☐ Certification
☐ Verification / Audit
☐ Rating
☐ Other *(please specify):*

Review provider(s): **Date of publication:**

ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

i. Second-Party Opinion: An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green 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 Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental 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 environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally 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 Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.

iii. Certification: An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green 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 Bond Scoring/Rating: An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

Disclaimer

About Sustainalytics, a Morningstar Company

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