

# de volksbank Green Bond Framework

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# I. Introduction

## Our history

De Volksbank is a bank at the heart of society. Our history dates back to 1817, the year in which a number of regional savings banks merged with the aim of taking good care of the money that the Dutch people entrusted to us. Today, we serve customers, entrepreneurs and small and medium sized enterprises. We do so mainly in the areas of payments, savings and mortgages.

## Our mission and ambition

We have a clear mission: banking with a human touch. We achieve it by creating value for all our stakeholders: our customers, society, our employees and our shareholder. We aim for optimum total value rather than maximisation of a single value and call this our shared value ambition. We monitor and measure against specific objectives and report on this shared value ambition for each stakeholder group.

## Company profile

De Volksbank aims to meet the specific financial needs of its customers in a people-oriented, efficient and sustainable manner. Our mission is 'banking with a human touch'. We achieve it by creating value for all our stakeholders: our customers, society, our employees and our shareholder. We aim for optimum total value rather than maximisation of a single value. Together with our brands we strive for a strong customer relationship and increasing our social impact.

De Volksbank is the fourth largest retail bank operating in the Dutch market, with more than 3.2 million customers. We offer simple and transparent mortgage, savings and payment products to private individuals, self-employed persons and smaller companies. We also offer insurance and investment products.

## Our 2021 – 2025 strategy Better for each other – from promise to !mpact

This strategy has two main pillars with which we aim to strengthen our distinctive capability: we want to be the bank with the strongest customer relationship in the Netherlands and to have a substantial and measurable positive impact on society. This distinctive capability is reflected in our four brands, each with its own growth priorities. To strengthen our distinctive capability and achieving the brands' growth priorities, our strategy has five necessary change movements.



SNS helps people achieve their goals and dreams by focusing on the growth of each individual. SNS believes that if everyone is allowed to grow in their own way, it will make the Netherlands stronger.



ASN Bank seeks to make sustainability accessible to all Dutch people, enabling them to use their money to do the right thing for people, animals and nature all over the country.

## RegioBank

RegioBank is committed to maintain the quality of life in Dutch communities by taking on the role of community builder and contributing to social and economic vitality.

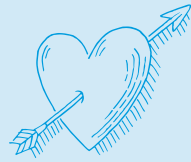


BLG Wonen enables a society in which people can live contentedly in a manner that suits their wishes and financial situation. Now and in the future.

## Strategy 2021-2025

# Better for each other – from promise to !mpact

### How we differentiate ourselves: two pillars



#### Strong customer relationship

Personal customer approach through seamless and pleasant interactions and suitable propositions



#### Social impact

De Volksbank achieves social impact on climate and decent living by integrating these themes in its services

### Four growth priorities of the brands



Attracting a younger target audience and strengthening the business model with fee income



Accelerate the growth of ASN Bank as a digital, sustainable bank



Reinforce RegioBank's local presence by broadening its propositions



Expand BLG Wonen by increasing its distribution reach and improving its service

### Five necessary movements of change



Digital and omni-channel dialogue



Relevant range of products, new propositions and small businesses as a new target market



IT-based customer bank



Customer focused



Efficient and flexible

### Capabilities

Strengthening organisational, employee and leadership capabilities

### Important preconditions

Comply with laws & regulations

Continuity



# II. Sustainability Statements

## 2.1 Sustainability Policies

**Our Sustainability Expertise Centre (SEC) is responsible for de Volksbank’s sustainability policy and its application to all activities and processes. Our sustainability policy is underpinned by three pillars: climate, biodiversity and human rights.**

The underlying principles are based on important and globally recognised reports, treaties and conventions, which we have laid down in ‘pillar policy papers’ (the Sustainability Policies (“SPs”) in the figure below). We also use thematic and sector policy papers (Specific Sustainability Policies (“SSPs”) and translate them into policies for specific departments (Applied Sustainability Policies (“ASPs”). The purpose of these policies is to have a well-understood and accepted governance and definition of sustainability for the bank and its stakeholders.

In 2023 a number of changes have been and will be made. The Risk Management Policy (RMP) Sustainability Risk has been expanded with inside-out sustainability and as such further integration of the sustainability policies within the Risk framework will take place. This also means that the Sustainability Management Policy (“SMP”) will be phased out in 2023. The approval of this RMP lies with the Executive Committee of de Volksbank. The

approval of all other sustainability policies lies with the Board of ASN Bank.

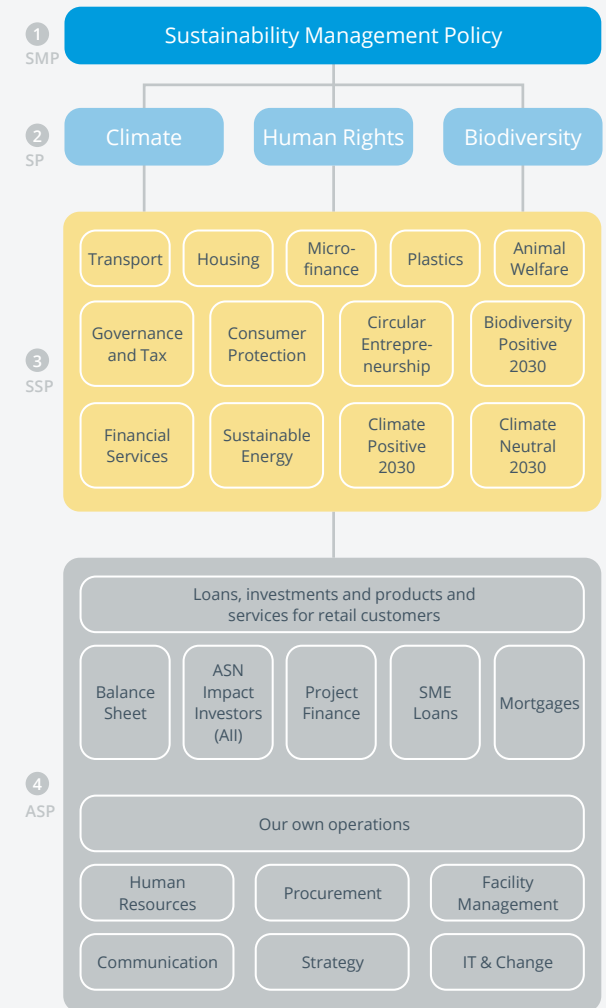
### Level 1 Policy

The level 1 Policy serves as a framework for company-wide awareness on sustainability and the resulting application throughout the organisation. This policy primarily covers the governance, strategic ambition, responsibilities and procedures.

### Level 2 & 3 Policies

The SPs and SSPs contain all detailed information on sustainability content that applies to the entire organisation, including our investments. Sustainability is not static, so the exact number and themes in relation to the content of the sustainability policies may vary from time to time. We distinguish three pillars in our SPs: climate, biodiversity and human rights. Countries, organisations and businesses are assessed based on these strict sustainability policies. The approach to our SPs consists of two elements: 1) a set of sustainability criteria to exclude or avoid investments that have a negative impact and 2) a set of criteria to support investments that contribute to sustainability. Below we elaborate on the two elements of our approach for each pillar (climate, biodiversity and human rights). In SSPs, we provide additional guidance and criteria for specific themes (such as animal welfare or plastics), sectors (such as financials) or asset classes (such as ESG bonds).

These SSPs are related to one of the three SPs. Both SPs and SSPs are developed by the SEC. The



SEC keeps in touch with external parties including NGOs, other financial institutions, academics, politicians and the media. The SEC also prepares the Sustainability Policy of ASN Impact Investors.

### Human rights

We have a wide range of policies to avoid violations of human rights in our business loan and investment portfolios. We do not invest in companies that engage in or profit from war or armed conflict. We cannot and will not reconcile ourselves with the idea that these types of companies benefit from the existence of, and increase in armed conflicts. This implies that we also refrain from every form of financing of or investment in companies involved in the development, maintenance, testing, storage and distribution of weapons. Examples of criteria to support investments that uphold collective, human and labour rights are: equal treatment, no forced or child labour, safe and healthy working conditions, and respecting the rights of local communities and indigenous people. For further details on these policies, see our [Human Rights Policy](#).

### Climate

Climate change is one of the most pressing problems the world is facing at the moment. In order to mitigate the impact on climate change, our sustainability criteria avoid involvement in entities that have a negative impact on climate change and support investments that contribute to combating climate change. Activities we refuse to invest in are, for instance, the exploration, extraction and production of fossil fuels and electricity generation

by means of fossil fuels. For details on these policies, see our [Climate policy](#). In order to adapt to the impact of climate change we strive for a 'climate-neutral balance sheet by 2030' and use this initiative to advocate climate neutrality in the rest of the financial services sector.

De Volksbank was the first bank in the Netherlands to apply approved Science Based Targets (SBTs). The SBTs complement our goal of achieving a climate-neutral balance sheet; they indicate the pace at which and the extent to which we need to reduce the CO<sub>2</sub>e emissions of our own business operations and the financed CO<sub>2</sub>e emissions of our main portfolios. These ambitious targets help us phase out our emissions in compliance with the temperature rise of no more than 1.5 degrees Celsius agreed in the Paris Agreement.

In 2022 we published our Climate Action Plan, as part of our contribution to the Dutch National Climate Agreement. In our Climate Action Plan we announced our ambition for a net zero balance sheet in 2050.

### Biodiversity

We aim to reduce the ecological impact from our business loans and investments by analysing whether potential business loans and investments meet our strict sustainability criteria. Our criteria for biodiversity are in line with the main threats concerning the loss of nature and biodiversity: land use and nature deterioration; overexploitation; climate change; invasive and exotic species; and

pollution. For further details on these policies, see our [Biodiversity Policy](#). At the same time we are enhancing biodiversity by investing in, amongst others, biodiversity conservation, renewable energy and the circular economy. When the positive effect we achieve on biodiversity with our business loans and investments is greater than our negative impact, we have achieved our long-term goal: to have a net positive impact on biodiversity in 2030. Closely linked to this policy is our policy on Circular Economy, which includes our vision on the circular economy and in which less and more efficient use of both renewable and non-renewable raw materials takes centre stage.

### Level 4 Policies

The ASPs specify how specific policies are implemented in various processes. Thus, compared with other policies that deal with the 'why' and 'how', these policies have a more practical approach, i.e. 'what to do'. The SEC closely cooperates with the relevant departments in developing these ASPs. Final responsibility of implementing these more operational policies lies with the relevant departments. Besides providing support or advice on implementation, the SEC supports these departments in formulating and achieving the related objectives. If necessary, the SEC can also provide training on the sustainability policies or specific sustainability topics to the departments. This is in addition to the sustainability learning path in the internal learning platform (Learning Experience Platform) that covers the Sustainability House of Policies as well.

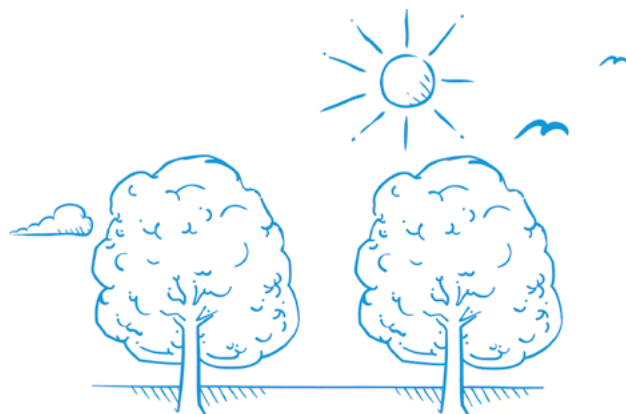


## 2.2 Foundation of our policies

Our sustainability policies are based on relevant and important global conventions, reports and initiatives that aim to ensure a bright and sustainable future for next generations. De Volksbank regards the following international treaties and conventions as the fundamental starting points for its policies and their implementation. These international treaties and conventions are subject to change and do not constitute an exhaustive list, see the figure foundation of our policies.

## 2.3 Commitments

Our commitment to voluntary and mandatory initiatives and transparent disclosure adds a layer of accountability to our business activities and performance. Below we present a selection of the voluntary, non-binding initiatives and mandatory codes. All our brands engage in various other initiatives and commitments; for the full list and latest updates, [see our website \(in Dutch only\)](#). See the table on the next page.



## Foundation of our policies



### Human rights

- United Nations' Declaration of Human Rights
- UN Guiding Principles on Business and Human Rights
- Conventions of the International Labour Organization (ILO)
- Guidelines of the Organisation for Economic Co-operation and Development (OECD) for MNE
- UN Global Compact
- Conventions in relation to weapons



### Climate

- Paris Agreement
- Intergovernmental Panel on Climate Change (IPCC) of the World Meteorological Organization (WMO)
- UN Framework Convention on Climate Change (UNFCCC)
- United Nations Environment Programme (UNEP)
- Kyoto Protocol
- Montreal Protocol
- Convention of Parties (COP)



### Biodiversity

- Convention on Biological Diversity (CBD)
- Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) report
- Five Freedoms of the Farm Animal Welfare Committee
- Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)
- Convention on the Conservation of Migratory Species of Wild Animals
- International Treaty on Plant Genetic Resources for Food and Agriculture
- Convention on Wetlands (also known as the Ramsar Convention)
- UNESCO World Heritage Convention (WHC)
- UN Convention of the Law of the Sea
- Cartagena Protocol

Mandatory Codes	Explanation
<a href="#">Banking Code</a>	The Banking Code contains principles for better risk management and a responsible remuneration policy at banks. The Banking Code focuses on the customers' interests and contributes to the stability of the Dutch economy. The Banking Code applies as from 1 January 2010 and is legally embedded. Banks are therefore obliged to account for compliance with the Code in their annual reports using the comply or explain principle.
<a href="#">Corporate Governance Code</a>	Dutch rules of conduct are legally embedded for listed companies. The rules enforce good governance protecting the interests of shareholders, employees and other stakeholders.
Voluntary, non-binding initiatives	Explanation
<a href="#">International Labour Organisation (ILO)</a>	The ILO was established in 1919 and brings together governments, employers and workers of 187 member states to set labour standards, develop policies and devise programmes that promote decent work for all men and women. It is the only tripartite UN agency.
<a href="#">Organisation for Economic Cooperation and Development (OECD)</a>	The OECD is an intergovernmental economic organisation and forum with 38 member countries, founded in 1961 to stimulate economic progress and world trade. The OECD guidelines form the starting point for the Dutch international CSR policy, which provides tools for companies to deal with issues such as supply chain responsibility, human rights, child labour, the environment and corruption.
<a href="#">International Responsible Business Conduct Agreement (IMVO Bankenconvenant)</a>	At the end of 2017, de Volksbank signed the ICSR Banking Sector Covenant, together with the NVB, other financial institutions, the government, trade unions and non-governmental organisations. Through this covenant we agreed to reduce the risk of human rights violations. Since the end of 2021, the banks have formally adopted the Responsible Business Conduct Commitment as a follow up to the RBC agreement (ICSR Covenant).
<a href="#">ICMA Green Bond Principles</a>	Green Bonds enable capital raising and investment for new and existing projects that benefit the environment. The ICMA Green Bond Principles (GBP) are voluntary process guidelines that recommend transparency and disclosure and promote integrity in the development of the Green Bond market by clarifying the way in which Green Bonds should be issued.
<a href="#">Equator Principles</a>	The Equator Principles is a risk management framework adopted by financial institutions. It is intended to determine, assess and manage environmental and social risks in project financing.
<a href="#">UN Global Compact</a>	A UN initiative to encourage companies worldwide to implement sustainable and socially responsible policies and to report on their implementation.
<a href="#">Principles for Responsible Banking</a>	The Principles for Responsible Banking are a unique framework for ensuring that signatory banks' strategies and practices are in line with the vision it has set for the future in the Sustainable Development Goals and the Paris Climate Agreement. There are 6 business-related principles: alignment, impacts, customers, stakeholders, governance & culture, transparency & accountability. Read more in Section Principles for Responsible Banking from page 277 of <a href="#">de Volksbank Integrated Annual Report 2022</a> .
<a href="#">The Dutch National Climate Agreement</a>	A financial sector led initiative to contribute to the implementation of the Paris Agreement and the Climate Agreement. The commitment is directed at the provision of suitable market-based financing arrangements for sustainability, and to the integration of climate targets, including CO2 reduction targets in companies' own strategies. In 2022 we published our <a href="#">Climate Action Plan</a> , as part of our contribution to the Dutch National Climate Agreement.
<a href="#">The Science-Based Targets initiative (SBTi)</a>	The SBTi drives ambitious climate action in the private sector by enabling companies to set science-based targets for emission reductions. Targets to reduce GHG emissions are considered 'science-based' when they are aligned with the latest requirements to meet the Paris Climate Agreement. De Volksbank is the first bank in the Netherlands with approved Science Based Targets (SBT) for our scope 1, 2 and 3 emissions.
<a href="#">Finance for Biodiversity Pledge</a>	Signatories pledge to the protection and restoration of biodiversity by: 1) Cooperation and sharing of knowledge; 2) Joint commitment of companies; 3) Calculating impact on biodiversity; 4) Setting targets; 5) Publicly reporting on the above no later than 2024.
<a href="#">Financial Health &amp; Inclusion Commitment</a>	The PRB Commitment to Financial Health and Inclusion is a commitment to promote universal financial inclusion and foster a banking sector that supports the financial health of customers. Launched in December 2021, the commitment is a collective journey to accelerate action on financial health and inclusion – one of the top three sustainability challenges identified by signatory banks in the 2020 PRB Collective Progress Report, as where they can have the most impact.
<a href="#">The National Financial Health Coalition</a>	Both public and private organisations work together to improve the financial health among citizens of the Netherlands. A financially healthy society contributes to the well-being of individuals, organisations, the economy and thus our society. The aim of this commitment is to halve the number of households that are financially inadequate or financially unhealthy by 2030.

## 2.4 Climate Impact

We want to make a positive contribution to the climate. As a bank, we have a significant (indirect) impact on the climate, which we measure by means of our envisaged climate-neutral balance sheet. In order to track the effectiveness of our climate impact, we established the KPI climate-neutral balance sheet which measures our progress towards our goal of having a climate-neutral balance sheet by 2030. We have set SBTs for our buildings and car fleet as well as for our mortgage portfolio and sustainable energy portfolio. These targets are ambitious and in accordance with the 1.5 °C scenario in relation to global warming.

### Greenhouse gas emissions & SBTs

Our KPI 'climate-neutral balance sheet' consists of an estimation of the emissions avoided with our activities and the emissions caused by us. These calculations are based on the Partnership for Carbon Accounting Financials (PCAF) methodology and cover scope 1, 2 and 3 emissions<sup>1</sup>.

De Volksbank was the first bank in the Netherlands with approved SBTs for our scope 1, 2 and 3 emissions. The latter includes emission reduction targets on mortgages (real estate), renewable energy (power), and investments covering relevant balance sheet categories.

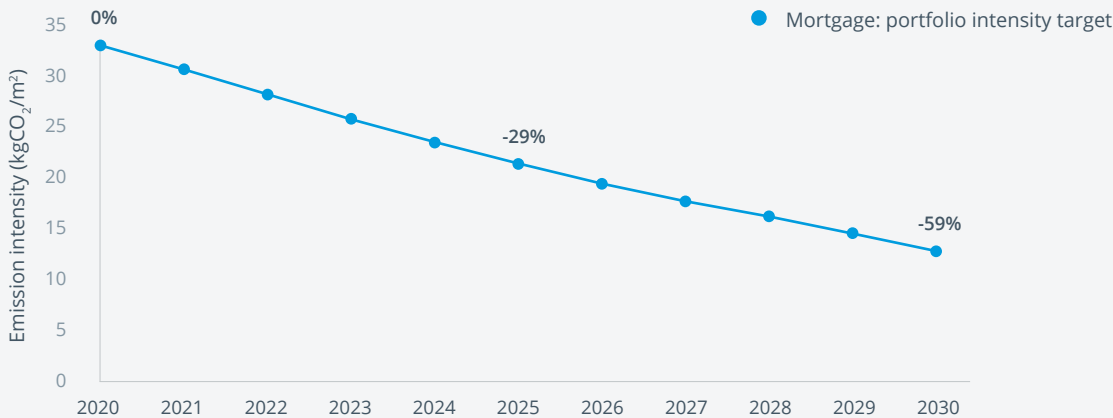
### Mortgage portfolio intensity target

An intensity target is a normalized metric that sets an organisation's emissions target relative to an economic or operational variable. Intensity targets allow an organization to set emissions reduction targets while accounting for economic growth

### Net Zero Emissions in 2050

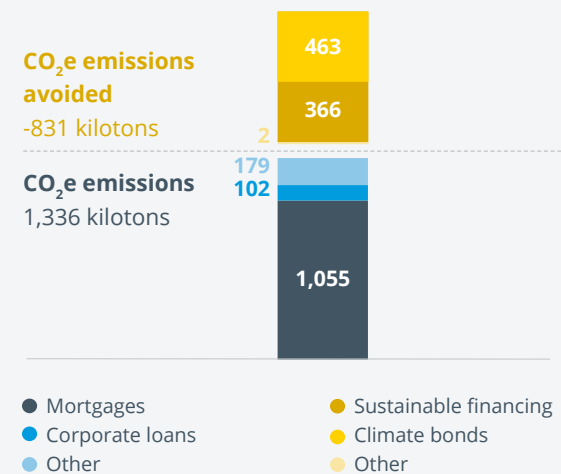
In 2022 we published our Climate Action Plan as part of our contribution to the Dutch Financial Sector Climate Commitment. In the Climate Action Plan we define, among other things, our ambition for a net zero balance sheet in 2050 or sooner if possible, and our commitment to reduce GHG emissions from the

### Mortgage portfolio intensity target



<sup>1</sup> For more details on our climate neutral balance sheet and methodology, see the section Definition and methodology of strategic KPIs in de [Volksbank Integrated Annual Report 2022](#).

### CLIMATE-NEUTRAL BALANCE SHEET 2022



### Housing – our current sustainable product range

	asn  bank	 BLGwonen	RegioBank	 SNS
Facility to borrow up to 106% of the home value in case of sustainability measures through mortgage (adviser)	✓	✓	✓	✓
Facility to borrow up to 106% of the home value in case of sustainability measures through mortgage (online mortgage, without advice)	✗	✗	✗	✓
Additional loan of €9,000 in case of sustainability measures. The loan is on top off a customer's maximum mortgage borrowing capacity*	✓	✓	✓	✓
ASN Bank mortgage with Sustainable Housing loan part	✓	✗	✗	✗
Discount for energy-efficient rating in band A ASN Bank mortgage	✓	✗	✗	✗
Attractive conditions and terms for mortgage for newly-built home (attracting energy-efficient rating in band A)	✓	✓	✓	✓
Personal loan sustainability (energy-savings measures)	✗	✗	✗	✓
Private mortgage increase	✓	✓	✓	✓

\* If a mortgage loan is granted to finance a "NulopdeMeter" home and an energy performance guarantee has been issued for a period of at least ten years, an amount of €25,000 may be disregarded when determining the financing costs.  
If a mortgage loan is granted to finance a home with an energy efficiency rating, an energy performance coefficient equal to or lower than zero with a maximum primary fossil energy consumption equal to or lower than 0 kWh/m2 per year, an amount of €15,000 can be disregarded when determining the financing cost.

residential mortgage portfolio. We aim to reassess all product and service proposals of the last couple of years with the aim to support our retail mortgage customers in reducing their energy consumption and GHG emissions of their homes by providing them with loans and advice. Besides that, we found that relatively small adjustments in the credit position of a customer, e.g. to invest in energy savings solutions, can lead to a disproportionate administrative burden, partly due to strict regulations. Together with our peers we will engage with legislators and supervisory authorities to seek appropriate solutions in this respect.

### 2.5 Sustainable Housing

De Volksbank's balance sheet largely consists of (residential) mortgages. We understand that housing has an impact on the climate and that is why we consider it our responsibility to encourage homeowners to make their homes energy-efficient, and that is why we help them do so.

We help our customers make their homes more energy efficient. We do this in various ways, for example through our advisers, as 90% of them are certified sustainable housing advisers. A suitable loan, such as a mortgage with a sustainability account or a personal loan, may also help.

## 2.6 Managing Sustainability Risks

De Volksbank wants to make a positive contribution to a sustainable, just and future-proof society through our core activities. As such, de Volksbank aims to minimise (the financing of) activities that lead to negative impacts on society or the environment and limit (the financing of) activities that are vulnerable to the impact of Environmental, Social and Governance (ESG) events. Therefore, we have a low appetite for Sustainability Risk (this is the risk of (in)direct financial or reputational damage to de Volksbank due to ESG events or inadequate response to public expectations with respect to ESG events). To keep track of our risk profile, we monitor the likelihood and impact of these ESG events closely.

In 2021, de Volksbank conducted an ESG Risk Assessment for the first time. This thematic assessment focussed on the impact of ESG events (risk drivers). All of our portfolio and business activities were in scope of this enterprise-level assessment. In the assessment, the impact of physical and transition ESG risk drivers, such as flooding, transitions in the housing market and regulatory changes, on the other risk types of the risk taxonomy was assessed in the short ( $\leq 1$  year), medium (1-5 years) and long term ( $\geq 5$  years). In 2022, the results of the ESG risk assessment

were reviewed. While some ESG risk drivers are less relevant to our business model, others are assessed as material. Although the deterioration of biodiversity and regulations related to nitrogen emissions are expected to have a material impact on the agriculture industry, this will have less impact on the house prices in the Netherlands. Other ESG risk drivers, such as the increasing vulnerability of Northern Europe to flooding, have been assessed as being material for de Volksbank. Based on the chance and impact of each ESG risk driver on the shortlist, we make a prioritisation of these risk drivers. We assessed the material important risk drivers for the risk types Credit risk, Business risk, Operational risk, Reputational risk and Compliance risk. This assessment was mainly qualitative and based on our business model with a focus on residential mortgages in the Netherlands, internal and external studies and upcoming regulations. Due to the relatively small size of the trading portfolio and sustainability strategy of de Volksbank, climate events are not regarded as a primary factor in market risk. De Volksbank used the assessment results to formulate specific actions to assess the impact of the identified ESG risk drivers. As ESG risk drivers continuously evolve, de Volksbank will conduct an enterprise-level ESG Risk Assessment on an annual basis.



**As ESG risk drivers continuously evolve, de Volksbank will conduct an enterprise-level ESG Risk Assessment on an annual basis.**



# III. Green Bond Framework

To enhance its power to address environmental and sustainability issues where de Volksbank has the ability to affect positive change, de Volksbank has established this Green Bond Framework (hereinafter referred to as the 'Framework'), under which it can issue green bonds.

De Volksbank has set up its green bond strategy, via the publication of its first Framework, back in April 2019, aimed at issuing green bonds to (re)finance green assets, namely green residential buildings in the Netherlands and renewable energy projects. Since the first publication of the Framework in 2019, de Volksbank has taken important steps to enhance its green bond strategy and sees it as an important tool to support the strong growth of its own green portfolio.

De Volksbank sees the issuance of green bonds as an effective tool to make a positive contribution to the climate and achieving the Sustainable Development Goals of the United Nations. We aim to further diversify our investor base through our green financing strategy by focusing on socially responsible and highly dedicated sustainable investors and by strengthening the relationship with existing investors.

### 3.1 The Framework

In alignment with the ICMA Green Bond Principles 2021<sup>2</sup>, the Framework is presented through the following core components:

1. Use of Proceeds;
2. Process for Project Evaluation and Selection;
3. Management of Proceeds;
4. Reporting

The Framework also follows the recommendations of the ICMA Green Bond Principles regarding external review.






### 3.2 Use of Proceeds

An amount equal to the net proceeds of the green bonds issued by de Volksbank under this Framework will be used to finance and/or refinance, in part or in whole, an eligible green loan portfolio (the '**Eligible Green Loan Portfolio**') in accordance with certain prescribed eligibility criteria. In order to qualify for the Eligible Green Loan Portfolio, the assets are required to meet one of the below current eligibility criteria of de Volksbank (the '**Eligibility Criteria**') as set out below (each such asset listed under Green Buildings and Renewable Energy, are an "**Eligible Green Loan**"):



**De Volksbank sees the issuance of green bonds as an effective tool to make a positive contribution to the climate and achieving the Sustainable Development Goals of the United Nations.**

<sup>2</sup> [ICMA Green Bond Principles June 2021 \(with June 2022 Appendix 1\)](#).

ICMA Green Bond Principles Eligible Project Categories	Eligibility Criteria	Contribution to UN SDGs	Contribution to EU Environmental Objective <sup>3</sup>	EU Taxonomy activity <sup>4</sup>
Green Buildings	<p>New or existing residential buildings in the Netherlands:</p> <ul style="list-style-type: none"> <li>• Buildings built before 31 December 2020 with at least an Energy Performance Certificate (EPC) class A</li> <li>• Buildings built before 31 December 2020 belonging to the top 15% of the Dutch building stock based on Primary Energy Demand (PED)<sup>5</sup></li> <li>• Buildings built after 31 December 2020 with a Primary Energy Demand at least 10% lower than the threshold for Nearly Zero-Energy Buildings (“NZEB”) in the Dutch market<sup>6</sup></li> <li>• Buildings that have been renovated, resulting in a reduction of Primary Energy Demand of at least 30%<sup>7</sup></li> <li>• Buildings that have been renovated meeting the criteria for major renovation<sup>8</sup></li> </ul>	  	Climate Change Mitigation	<p><b>7.2</b> Renovation of existing buildings</p> <p><b>7.7</b> Acquisition and ownership of buildings</p>
Renewable Energy	<p>Production, development, construction, operation, acquisition and products of renewable energy; as well as the connection of renewable energy production units to the electricity grid, the transportation through the network and the manufacturing of the technology. Renewable energy sources include:</p> <ul style="list-style-type: none"> <li>• On and offshore wind energy</li> <li>• Solar energy</li> <li>• Tidal energy</li> </ul>	 	Climate Change Mitigation	<p><b>4.1</b> Electricity generation using solar photovoltaic technology</p> <p><b>4.3</b> Electricity generation from wind power</p> <p><b>4.4</b> Electricity generation from ocean energy technologies</p>

<sup>3</sup> Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending regulation (EU) 2019/2088. [See here.](#)

<sup>4</sup> Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives. [See here.](#)

<sup>5</sup> Refer to our Green Buildings Methodology Assessment document available on [our website.](#)

<sup>6</sup> The Dutch version of NZEB is called Bijna Energie neutrale Gebouwen (“BENG”).

<sup>7</sup> The initial primary energy demand and the estimated improvement is based on a detailed building survey, an energy audit conducted by an accredited independent expert or any other transparent and proportionate method, and validated through an Energy Performance Certificate. The 30 % improvement results from an actual reduction in primary energy demand (where the reductions in net primary energy demand through renewable energy sources are not taken into account), and can be achieved through a succession of measures within a maximum of three years.

<sup>8</sup> As set in the applicable national and regional building regulations for ‘major renovation’ implementing Directive 2010/31/EU. The energy performance of the building or the renovated part that is upgraded meets cost-optimal minimum energy performance requirements in accordance with the respective directive.



### 3.3 Process for Project Evaluation and Selection

Projects financed and/or refinanced through green bond proceeds are evaluated and selected based on compliance with the Eligibility Criteria.

#### Alignment of eligibility criteria with the EU Taxonomy Climate Delegated Act:

The definition of the Eligibility Criteria takes into account the EU Taxonomy Regulation (referred to as 'EU Taxonomy')<sup>9</sup> and the EU Taxonomy Climate Delegated Act adopted in June 2021<sup>10</sup> with the intention to apply them on a best-efforts basis as long as there are feasible practical applications in the geographies where the assets are located.

#### Governance of the Framework:

The development and implementation of sustainability is assigned to owners within the Executive Committee (ExCo) and senior management. The Social Impact Committee (SIC) is a risk committee with a broad mandate that oversees our impact on society and the impact of sustainability matters on de Volksbank. It meets eight times a year, or more frequent if required. The SIC is responsible for the progress of strategic targets for social (inside-out) impact, for monitoring the incorporation of ESG matters in business processes and for the risk management framework (outside-in) as well as for fostering transparency on compliance with the non-financial reporting guidelines.

The committee is chaired by the Chief Risk Officer, representing the ExCo. Vice-chair of the SIC is the

Hub Lead ASN Bank, representing de Volksbank's brands. Other members of the SIC include representatives from Strategy, Finance, Corporate Communication, de Volksbank Financial Markets and Risk and Compliance. Audit and the Chief Customer Officer (CCO) have a standing invitation. All members of the SIC may escalate (pending) decisions to the ExCo.

The SIC is accountable for:

- Reviewing and updating the Framework, when deemed necessary, to reflect changes in corporate strategy, market or regulatory developments, such as developments regarding EU Taxonomy and the EU Green Bond Standard.
- Defining and evaluating the Eligibility Criteria regarding the Eligible Green Loan Portfolio, including EU Taxonomy Technical Screening Criteria for Substantial Contribution and Do No Significant Harm.
- On a portfolio level, validating the purpose of the financing and the EU Environmental Objectives they significantly contribute to and/or Do No Significant Harm.
- Procure when needed that third party documents are reviewed or updated such as a Second Party Opinion and related documents from external consultants and accountants.
- Overseeing the allocation of the green bond proceeds to the Eligible Green Loan Portfolio and monitoring its development, to ensure that the size of the Eligible Green Loan Portfolio is equal or higher than the amount of green bonds outstanding.

- Overseeing and approving the publication of green bond reports (allocation and impact reporting), including external assurance statements. De Volksbank may rely on external consultants and their data sources, in addition to its own assessment.



<sup>9</sup> [See here.](#)

<sup>10</sup> [See here.](#)

## Environmental and Social Risks

### Mitigating Risk Controls

If risks stemming from ESG events are assessed as material, de Volksbank will evaluate current risk control mechanisms and may formulate additional risk responses. De Volksbank has strict sustainability criteria in place to make a positive contribution to society. These sustainability criteria also function as an important mitigant to our exposure to ESG risk drivers. For example, de Volksbank has zero exposure in the fossil fuel sector, an industry particularly vulnerable to changing policies and market sentiments.<sup>11</sup> Similarly, our social and diversity policies for our investments and our own operations prevent the likelihood of reputational risks related to social issues. We continuously assess if investments still meet our sustainability criteria. Infringement of these criteria may lead to the termination of specific loans or investments in our investment universe or portfolio. As insights on ESG issues (such as climate change) and regulations related to ESG are always evolving, our policies are reviewed and updated periodically. An important transition risk in our mortgage portfolio is the risk that our customers are confronted with higher energy costs and decreasing collateral value as home energy-efficiency standards are raised. De Volksbank mitigates this risk by actively facilitating our customers in their efforts to make their homes more sustainable through promotion, awareness and various financial products.

With regard to physical risks, we monitor our exposure to material physical risks on a portfolio

level. Several risks, such as risks related to the foundation of houses (e.g. due to drought), are taken into account and acted upon in the customer acceptance process when mentioned in the valuation report. De Volksbank is currently developing a more comprehensive credit risk assessment on an individual client level. This is in addition to a portfolio assessment and response to physical risk drivers in our mortgage portfolio.

### Sustainability Policies

De Volksbank ensures, on a best-effort basis, that loans comply with official national and international environmental and social standards and with laws and regulations. Our SEC is responsible for de Volksbank's sustainability policy and its application to all activities and processes. Using investment criteria, the SEC translates policy into practice within the bank. We apply this comprehensive policy to all our loans, financing and investments, so also to the government bonds or green bonds in which we invest. Our sustainability policy is underpinned by three pillars: climate, biodiversity and human rights. The underlying principles are based on important and globally recognised reports, treaties and conventions, which we have laid down in the SPs. We also use thematic and sector policy papers and translate them into policies for specific departments. In addition to the sustainability policies on climate, biodiversity and human rights, there is also the Sustainability Criteria Guide<sup>12</sup> which lists, among other things, the criteria for the financing of renewable energy projects. The sustainability policy on housing<sup>13</sup> is also available on de Volksbank's website.

## 3.4 Management of Proceeds

The green bond proceeds will be managed by de Volksbank in a portfolio approach. De Volksbank intends to allocate the proceeds from the green bonds to an Eligible Green Loan Portfolio, selected in accordance with the Eligibility Criteria and evaluation and selection process presented above.

De Volksbank will strive, over time, to achieve a level of allocation for the Eligible Green Loan Portfolio which matches or exceeds the balance of net proceeds from its outstanding green bonds. Additional Eligible Green Loans will be added to de Volksbank's Eligible Green Loan Portfolio to the extent required.

In the event of unallocated net proceeds from the green bonds, or in case of an insufficient Eligible Green Loan Portfolio, de Volksbank will hold and/or invest, at its own discretion, the balance of net proceeds not allocated to the Eligible Green Loan Portfolio in its treasury liquidity portfolio, in cash or other short term and liquid instruments or any other treasury activity.

<sup>11</sup> De Volksbank applies an Exclusion List. See the sustainability policy for the full list (applicable to de Volksbank): [www.asnbank.nl/over-asn-bank/duurzaamheid/beleidsdocumenten.html](http://www.asnbank.nl/over-asn-bank/duurzaamheid/beleidsdocumenten.html).

<sup>12</sup> The extensive guide on sustainability criteria of de Volksbank can be found on [ASN Bank's website](http://ASN Bank's website).

<sup>13</sup> The sustainability policy on housing (Beleid Wonen) of de Volksbank can be found on de [Volksbank's website](http://Volksbank's website).

### 3.5 Reporting

De Volksbank will make and keep readily available reporting on the allocation of net proceeds of the green bond issued to the Eligible Green Loan Portfolio annually, at least until full allocation. De Volksbank will report on the allocation of the proceeds of its outstanding green bonds to the Eligible Green Loan Portfolio at least for each eligible project category, such as 'Green Buildings' and 'Renewable Energy' (each an '**Eligible Project Category**') and on an aggregated basis for all of de Volksbank's green bonds outstanding. De Volksbank intends to align the reporting with the most up to date methodology proposed by Partnership for Carbon Accounting Financials at the time of reporting.

#### Allocation Reporting

The allocation report will, on a best-efforts basis, include:

- the size of the Eligible Green Loan Portfolio, per Eligible Project Category
- the total amount of proceeds allocated to the Eligible Green Loan Portfolio per Eligible Project Category
- the number of Eligible Green Loans
- the balance of unallocated proceeds
- the amount or the percentage of new financing and refinancing
- the proportion of the Eligible Green Loan Portfolio that is EU Taxonomy eligible and/or aligned

#### Impact reporting

De Volksbank aims to provide an annual non-financial impact report on climate impact associated to the Eligible Project Categories of the Eligible Green Loans. Where feasible, the impact report may include:

- Green Buildings:
  - Estimated annual primary energy consumption in kWh/m<sup>2</sup>
  - Estimated annual reduced and/or avoided emissions in tons of CO<sub>2</sub> equivalents
- Renewable Energy:
  - Installed capacity in MW
  - Estimated avoided emissions in tons of CO<sub>2</sub> equivalent
  - Examples and/or case studies of selected projects

De Volksbank intends to align the impact reporting with the portfolio approach as described in the "Handbook - Harmonized Framework for Impact Reporting (June 2022)"<sup>14</sup>.

Both the allocation report as well as the impact report will be made available on de Volksbank's website<sup>15</sup>.

### 3.6 External Review

#### Second Party Opinion

The Framework has been reviewed by ISS Corporate Solutions (ICS) who has issued a Second Party Opinion. ICS has evaluated the Framework's alignment with the ICMA Green Bond Principles and the EU Taxonomy Climate Delegated Act<sup>16</sup>. The Second Party Opinion as well as the Framework will be made available to investors through de Volksbank's website<sup>17</sup>.

#### Verification

De Volksbank will request on an annual basis, starting one year after issuance of any relevant green bond and at least until full allocation, a limited assurance report of the allocation of the proceeds of its outstanding green bonds to the Eligible Green Loan Portfolio, provided by its external auditor.



<sup>14</sup> [Handbook – Harmonized Framework for Impact Reporting June 2022.](#)

<sup>15</sup> [See here.](#)

<sup>16</sup> The GBP Eligible Project Category for Green Buildings has been assessed on alignment with the EU Taxonomy.

<sup>17</sup> [See here.](#)

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