

de volksbank Green Bond Impact Report 2022



Introduction

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 shared 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.

At year-end 2022, we were 62% climate neutral which puts us well on track to achieving our interim

target of at least 75% by 2025. 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. We have set Science Based Targets (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.

This Green Bond Impact Report 2022 reflects the environmental impact reporting requirements as stated in the Green Bond Framework 2023¹. We have had our Green Bond Framework 2023 externally assessed by ISS Corporate Solutions (ICS). In the Second Party Opinion (SPO) alignment with the ICMA Green Bond Principles has been confirmed. Moreover, evaluations on other elements assessed in the SPO are described further in the SPO. De Volksbank is also a member of the Green Bond Principles. In September 2019, de Volksbank issued its first 'Green Senior Preferred Bond' in the amount of €500 million. This issuance was rewarded with the Green Bond Award of the Year by Environmental Finance. In this Green Bond Impact Report 2022, de Volksbank N.V. reports on the non-financial impact during the financial year 2022, in respect of:

- The EUR 500,000,000 Notes due September 2024 (Green Bond) that de Volksbank N.V. issued in September 2019 (ISIN XS2052503872);

- The EUR 500,000,000 Notes due October 2030 (Green Bond) that de Volksbank N.V. issued in July 2020 (ISIN XS2202902636);
- The EUR 500,000,000 Notes due March 2028 (Green Bond) that de Volksbank N.V. issued in March 2021 (ISIN XS2308298962);
- The EUR 500,000,000 Notes due June 2026 (Green Bond) that de Volksbank N.V. issued in June 2021 (ISIN XS2356091269).
- The EUR 500,000,000 Notes due May 2026 (Green Bond) that de Volksbank N.V. issued in May 2022 (ISIN XS2475502832).
- And the EUR 300,000,000 Notes due June 2027 / Perp. (Green Bond) that de Volksbank N.V. issued in June 2022 (ISIN XS2454874285).

This Impact Report compares the GHG emissions of the Eligible Green Loan Portfolio in tonnes of CO₂ equivalents to that of a comparable group of real estate with an average energy-efficiency. The 2022 impact assessment further describes the environmental impact of the green buildings within the Eligible Green Loan Portfolio compared to the reference group. Apart from this Impact Report, EY performed a limited assurance engagement on the Green Bond Allocation Report over the year 2022 which contains allocation reporting on a portfolio level.

¹ www.devolsbank.nl/investor-relations/green-bonds

Impact Report

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/m²
- Estimated annual reduced and/or avoided emissions in tons of CO₂ equivalents

Renewable Energy:

- Installed capacity in MW
- Estimated avoided emissions in tons of CO₂ equivalent
- Examples and/or case studies of selected projects

This Green Bond Impact Report, as well as the Green Bond Allocation report, is available on our website: www.devolsbank.nl/investor-relations/green-bonds

Impact Eligible Green Loan Portfolio

As indicated in the 2023 Green Bond Framework, 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. Below an overview of the impact can be found. Calculations are made by CFP Green Buildings, an external consultant who issued the Impact Assessment of de Volksbank Eligible Green Loan Portfolio, detailing the environmental impact and methodology of the Eligible Green Loan Portfolio as per December 31st 2022. The full report can be found on page 7. The entire Eligible Green Loan Portfolio is situated in the Netherlands.

- Total emissions of the Eligible Green Loan Portfolio per €mn is 14.13 ton CO₂ e
- Less emissions, compared to baseline, per invested €mn is 4.37 ton CO₂ e

An external consultant report detailing the environmental impact of the Eligible Green Loan Portfolio as per December 31st 2022, is presented from page 7 onwards.

From this study the following conclusions are drawn:

- The buildings in the Eligible Green Loan Portfolio are estimated to emit 24,437 tonnes of CO₂ per year less than the Reference Group, which is a difference of 23.61%.
- The total average estimated energy consumption of the Eligible Green Loan Portfolio is calculated at 107 kWh /m² /per year.
- All buildings in the Eligible Green Loan Portfolio deliver a substantial contribution to climate change mitigation following the EU Taxonomy definition, by having an EPC class A rating or higher.

Table 1. Portfolio-based Green Bond Report according to the Harmonized Framework for Impact Reporting

ELIGIBLE GREEN LOAN PORTFOLIO					
Eligible Project Category	Number of buildings	Signed Amount (EUR)	Eligibility for Green Bonds	Building Area in m ²	Less GHG Emissions in tCO ₂ e
Green Buildings	23,484	5,594,774,243	100%	3,374,295	24,437
Total	23,484	5,594,774,243	100%		

Figure 1. Less emissions in CO₂ equivalents, per invested million euros



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.

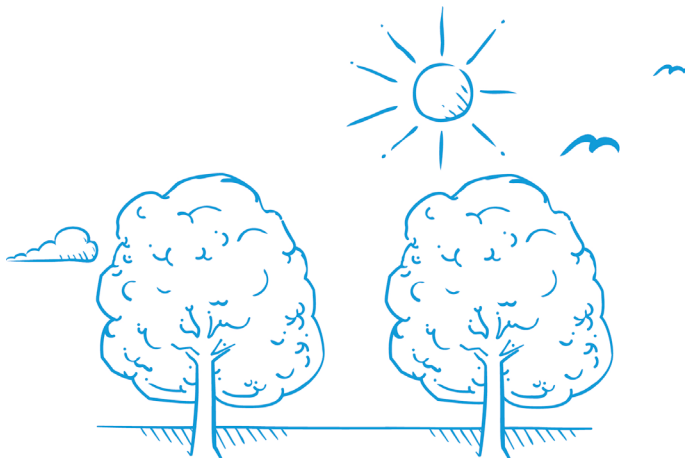


Figure 2. Climate-Neutral Balance Sheet 2022

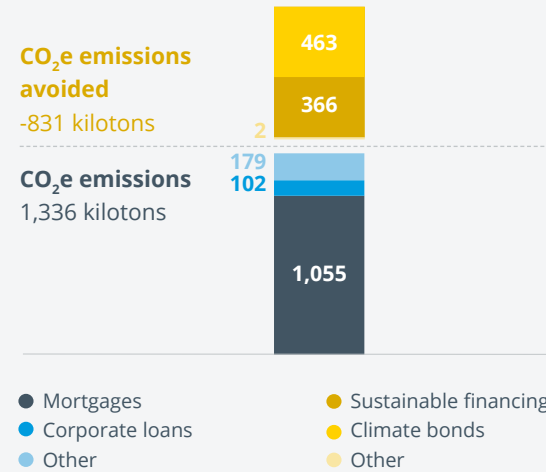
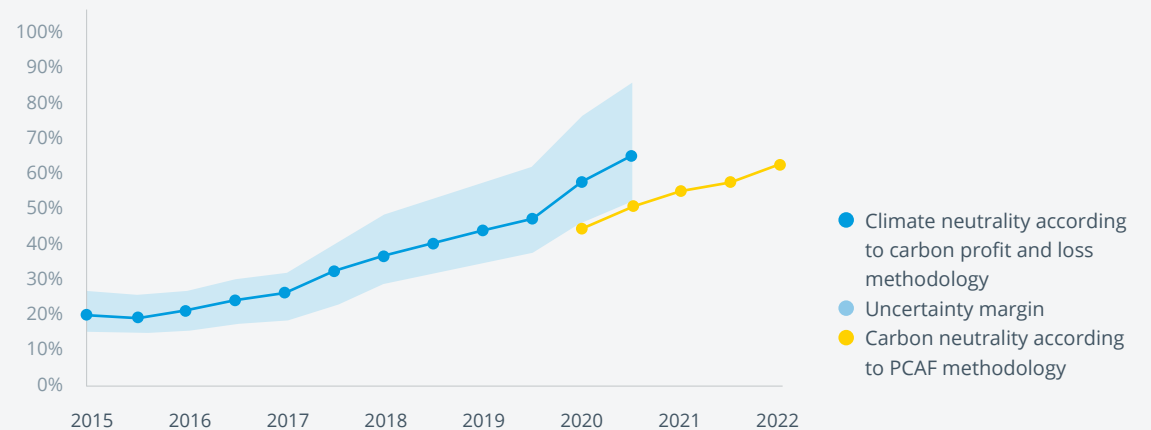


Figure 3. Progress on climate neutrality of de Volksbank ('15 -'22).



PCAF: Partnership for Carbon Accounting Financials - Global GHG Accounting and Reporting Standard for the Financial Industry. CP&L: Carbon Profit & Loss Methodology.

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.

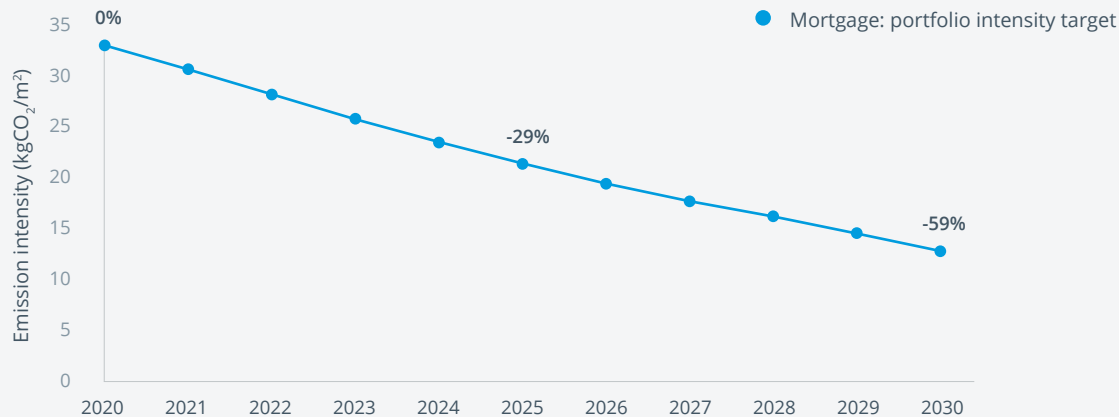
De Volksbank was the first bank in the Netherlands with approved SBTs for our scope 1, 2 and 3 emissions. The latter includes emission reduction targets on mortgages (real estate), renewable energy (power), and investments covering relevant balance sheet categories.

Net Zero Emissions in 2050

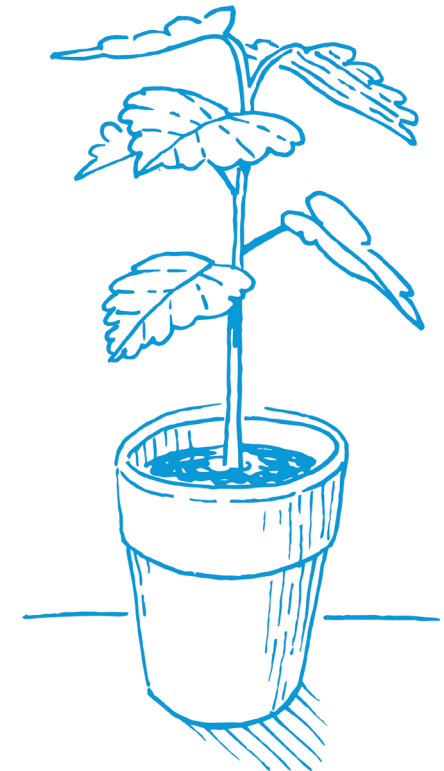
In 2022 we published our Climate Action Plan as part of our contribution to the Dutch Financial Sector Climate Commitment. In the Climate Action Plan we define, among other things, our ambition for a net zero balance sheet in 2050 or sooner if possible, and our commitment to reduce GHG emissions from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

Figure 4. 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



Publication details

Design and infographics

Marjolein Rams, Michiel van Heeswijk, wijstudio

Photography

Femke van den Heuvel

Doodles

Image bank de Volksbank

Contact

De Volksbank welcomes feedback on all its publications. Please send all comments and suggestions to pers@devolksbank.nl.

Impact Assessment Eligible Green Loan Portfolio de Volksbank

Project: 2022 Green Bond Impact Report de Volksbank

Subject: Less CO₂ emissions compared to benchmark

Date: 10-10-2023

Status: Final

CFP Green Buildings has been asked to compare the greenhouse gas emissions¹ of a specific, energy-efficient group of residential real estate (in this document indicated as Eligible Green Loan Portfolio^{2,3}) to that of a comparable group of residential real estate with an average energy efficiency (indicated as “Reference” or “Reference Group”). The objective of this analysis is to demonstrate that the selected buildings belong to the topmost sustainable buildings in the Netherlands.

In this document, the results of this analysis are shown. The Eligible Green Loan Portfolio of de Volksbank complies with the technical screening criteria of the EU Taxonomy Delegated Regulation from June 2021. This document outlines the results of this analysis.

The Eligible Green Loan Portfolio

All of the assets in the Eligible Green Loan Portfolio are built before 2021, and have a valid and definitive energy label as per end of 2022, as required by the 2023 Green Bond Framework of de Volksbank⁴.

As per the end of 2022, there are 1,541,218 registered energy labels with an A rating in the Netherlands.⁵

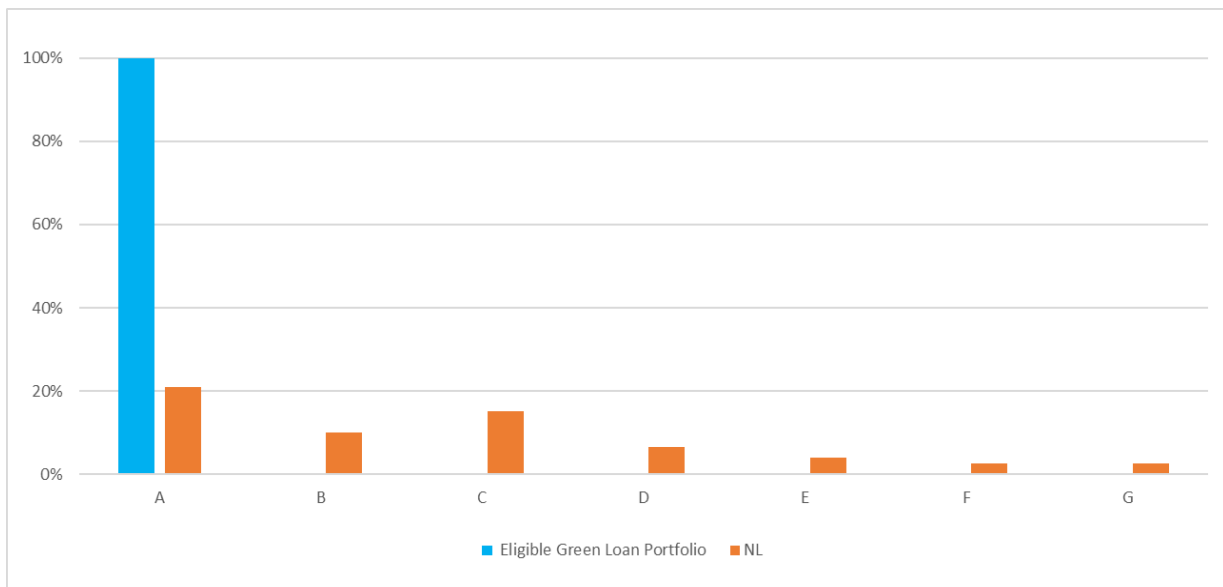


Figure 1: Distribution registered energy labels Eligible Green Loan Portfolio and residential buildings in the Netherlands

¹ Greenhouse gas emissions are calculated in CO₂-equivalent, which will be referred to as CO₂ throughout this document.

² When referring to the Eligible Green Loan Portfolio in this document, we refer to Dutch Residential Green Buildings only.

³ The Eligible Green Loan Portfolio consists of 23,484 objects.

⁴ The eligible green assets have been selected by the Volksbank and determined based on reference date 31-12-2022.

⁵ Source: EP-Online for EPC labels <http://www.ep-online.nl/>

Methodology

The GHG emissions associated with the 23.484 eligible objects have been determined based on estimates of the annual energy consumption (natural gas and electricity) multiplied with GHG emission factor indicating the average emissions per unit of energy consumption.

The energy usage is based on algorithms and benchmarks from the expert system of CFP Green Buildings. CFP's Expert system is a database consisting of actual energy data of buildings. A section of this anonymised data provides live energy data derived from CFP's Energy Monitoring projects. Moreover, public big data, for example yearly updated average energy usage of homes in the Netherlands provided by Statistics Netherlands (CBS), is used to improve and check the benchmarking model.

In this study, the calculated energy consumption of the Reference Group was determined based on data from Centraal Bureau Statistiek (CBS) and CFP. The Reference Group is a group of residential buildings with comparable floor area to the the Volksbank portfolio and with an average energy efficiency (CBS).

The total energy consumption can be converted to GHG emissions by using GHG conversion / emission factors. We have applied GHG emissions factors indicating the average emissions per unit of energy consumption for all energy consumed on the Dutch energy grid. This is in accordance with the generally accepted PCAF⁶ methodology. The used emission factors originate from www.co2emissiefactoren.nl. This is a

collaboration of multiple parties, including the Ministry for Economic Affairs and Climate policy, that regularly publishes updated GHG emission factors which have been reviewed by experts. Which has become a widely trusted source for valid and reliable GHG emission factors for the Dutch context. Because of continuous changes in Dutch electricity mix, the factor for electricity is updated. The applied methodology is in line with the location-based approach as specified in the GHG-protocol.

This leads to the following emission factors:

Applied GHG emission factors⁷

Natural gas	1.782	kg CO ₂ e /m ³
Electricity	0.29	kg CO ₂ e /kWh

Table 2: Dutch GHG-emission factors

Energy consumption

Table 3 shows the calculated energy consumption per year of the Eligible Green Loan Portfolio. The calculated annual energy consumption is 122 million kWh of electricity and 24.5 million m³ of natural gas. To calculate the total energy consumption in kWh, the natural gas consumption in m³ needs to be converted to kWh⁸, giving a consumption of 71 kWh per m². The total calculated energy consumption is 107 kWh per m².

Estimated positive impact

Table 4 shows the estimated carbon footprint of the Eligible Green Loan Portfolio and the Reference Group. The total estimated annual GHG emissions associated with the Eligible Green Loan Portfolio are 79,059 tonnes CO₂e per year, compared to 103,496 tonnes CO₂e per year for the Reference Group. Resulting in less GHG emissions of 24,437 tonnes of CO₂e for 2022.

⁶ Partnership for Carbon Accounting Financials (PCAF) is a global partnership of financial institutions that work together to develop and implement a harmonized approach

to assess and disclose the greenhouse gas (GHG) emissions associated with their loans and investments.

⁷ Source: <https://www.co2emissiefactoren.nl> using TTW emissions.

⁸ Conversion factor for natural gas: 1 m³ = 9.769 kWh

	Electricity consumption		Natural gas consumption		
	(x1000 kWh)	(kWh/m ²)	(x1000 m ³)	(m ³ /m ²)	(kWh/m ²)
Total Eligible Green Loan portfolio	121,898	36.12	24,527	7.26	71.0

Table 3: Calculated energy consumption Eligible Green Loan Portfolio

	#	m ²	GHG emissions EGLP (tonnes CO ₂ e)	GHG emissions reference (tonnes CO ₂ e)	GHG emissions less (tonnes CO ₂ e)
Total Eligible Green Loan portfolio (EGLP)	23,484	3,374,295	79,059	103,496	24,437

Table 4: CO₂-emission Eligible Green Loan Portfolio (EGLP) compared to the Reference Group

Conclusion

The following conclusions are drawn from this study:

- The buildings in the Eligible Green Loan Portfolio are estimated to emit 24,437 tonnes of CO₂ per year less than the Reference Group, which is a difference of 23.61%.
- The total average estimated energy consumption is calculated at 107 kWh /m²/per year⁹.
- All buildings in the Eligible Green Loan Portfolio deliver a substantial contribution to climate change mitigation following the EU Taxonomy definition, by having an EPC class A rating or higher.

⁹ The total average estimated energy consumption is not only based on primary energy demand of the building, but also on the estimated actual usage.