

A scenic view of a Dutch watermill and a green wooden house reflected in a canal. The watermill is on the left, and the green house is on the right. The canal is in the foreground, and the sky is blue with some clouds.

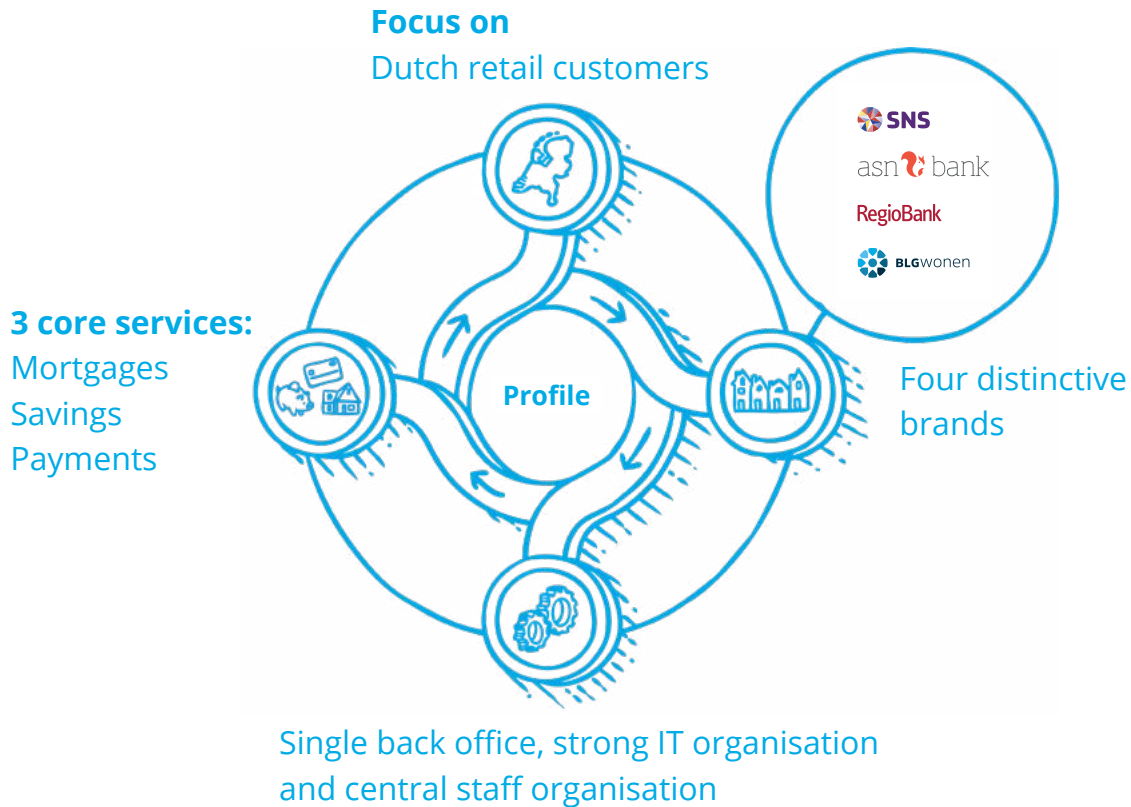
Green Bond Framework

February 2021

de volksbank

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1. Introduction

Boasting a history that stretches back to 1817, de Volksbank is a bank at the heart of society. Virtually all of its legal predecessors were savings banks for the common good (in Dutch called ‘nutsspaarbanken’ or ‘bondsspaarbanken’), banks that were close to their customers thanks to their local character and social objectives. This history has been decisive for de Volksbank’s unique profile as well as its strength, now shaped in a modern way.

De Volksbank is a bank with a focus on the Dutch market, offering clear and transparent mortgage, savings and payment products to private

individuals. De Volksbank also offers insurance, investment and lending services through its brands and serves smaller companies in a retail manner while maintaining its strong liquidity profile and capital structure.

De Volksbank understands that the Netherlands today is very diverse and that each individual wants to be ‘financially resilient’ in his own way. That is why de Volksbank is a diverse family of brands: ASN Bank, BLG Wonen, RegioBank and SNS. Together, yet each in its own way, de Volksbank chooses to build a future based on the principle of sustainability. De Volksbank chooses to offer people insight, clarity and prospects in finance, to make ‘good housing’ accessible and to reinstate sincere personal

contact as the cornerstone of banking. De Volksbank is continuously inspired to work closely with its customers and develop simple services that bring back the human dimension in finance.

De Volksbank's mission – banking with a human touch – is described in a Manifesto and is geared to the public appeal to give meaning to helpful banking. A society that allows people to live confidently and full of optimism and to do the things that benefit the next generation – that is the kind of society de Volksbank wishes

de Volksbank chooses to build a future based on the principle of sustainability.

to contribute to. It is de Volksbank's raison d'être: to help every single individual – in a personal way – to be financially resilient, each in his own way. To live up to this mission, de Volksbank has formulated the ambition of optimizing shared value. With its core activities de Volksbank creates benefits for customers, take responsibility for society, provide meaning for its employees and achieve returns for the shareholder(s).



creating benefits for customers



taking responsibility for society



giving genuine attention to our employees



achieving adequate returns for our shareholder(s)

1.1 Sustainable Milestones ASN Bank & de Volksbank

Foundation of the Nutsspaarbank, a regional savings bank with a mission to enhance people's self-reliance through their savings

1817

The environment is and continues to be an important issue for ASN

70's

Two regional savings banks merge into SNS

1987

Signs the UN Environment Programme Finance Initiative

1994

Two new investment funds are created. ASN Bank also begins to finance sustainable projects, mainly on sustainable energy and energy efficiency

2000

1960

On 21 January 1960, ASN (Algemene Spaarbank voor Nederland) is founded. Inspired by its roots in labour unions, ASN has a strong focus on positive socio-economic impacts

80's

ASN is the first Dutch bank that decides to no longer invest in South-Africa due to the Apartheid regime

90's

ASN establishes five investments funds. Investments are made based on sustainability criteria

1996

ASN changes its name into ASN Bank

2008

Member of the UN Global Compact

ASN Bank formulates long term goals on human rights, climate and biodiversity

2012

- SNS Bank N.V. signs Dutch Banking Agreement
- SNS Bank N.V. signs IMVO Bankenconvenant

2016

- ASN Bank is the first bank in the world to strive for being climate positive in 2030
- ASN Bank launches the Platform Living Wage Financials
- ASN Investment Funds receives its AIFMD permit

2018

- de Volksbank N.V. receives Green Bond Award of the year from Environmental Finance
- Issuance 1st Green Tier 2 of a bank in Europe
- Introduction of solar panel lease and Platform for Home Improvements
- de Volksbank N.V. signs the Finance for Biodiversity Pledge

2020

2009

ASN Bank signs the Equator Principles (de Volksbank is the signatory in 2020)

2015

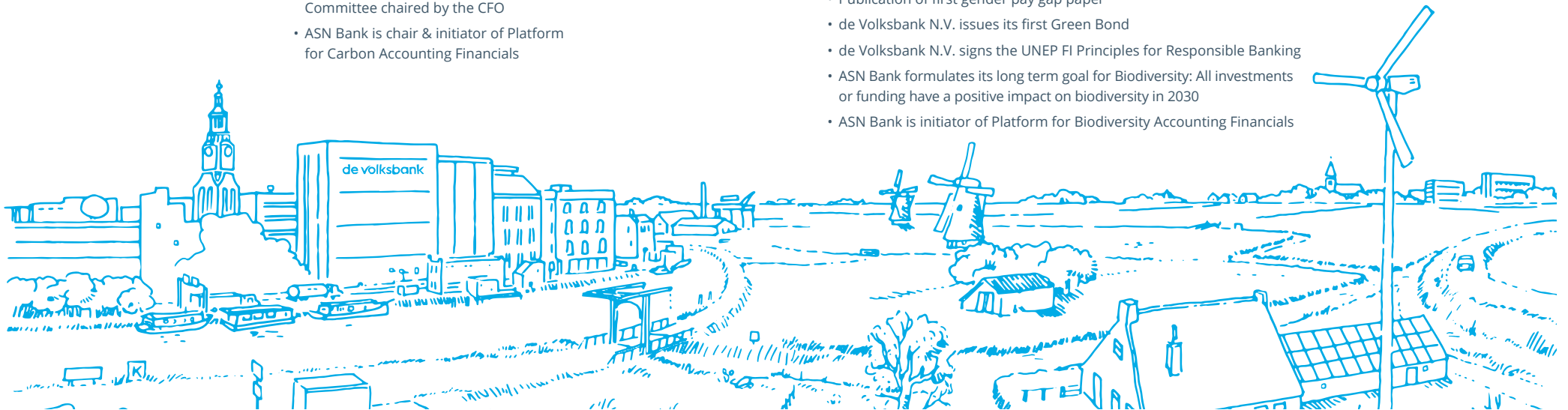
- SNS Bank N.V. formulates its long term goal for climate change by introducing the Climate Neutral Balance Sheet
- Introduction of the Climate Neutral Committee chaired by the CFO
- ASN Bank is chair & initiator of Platform for Carbon Accounting Financials

2017

As from 1 January 2017 SNS Bank N.V. is named de Volksbank N.V.

2019

- de Volksbank N.V. publishes its first stand-alone Human Rights Report
- Publication of de Volksbank Green Bond Framework
- Introduction of sustainable loan products
- Publication of first gender pay gap paper
- de Volksbank N.V. issues its first Green Bond
- de Volksbank N.V. signs the UNEP FI Principles for Responsible Banking
- ASN Bank formulates its long term goal for Biodiversity: All investments or funding have a positive impact on biodiversity in 2030
- ASN Bank is initiator of Platform for Biodiversity Accounting Financials





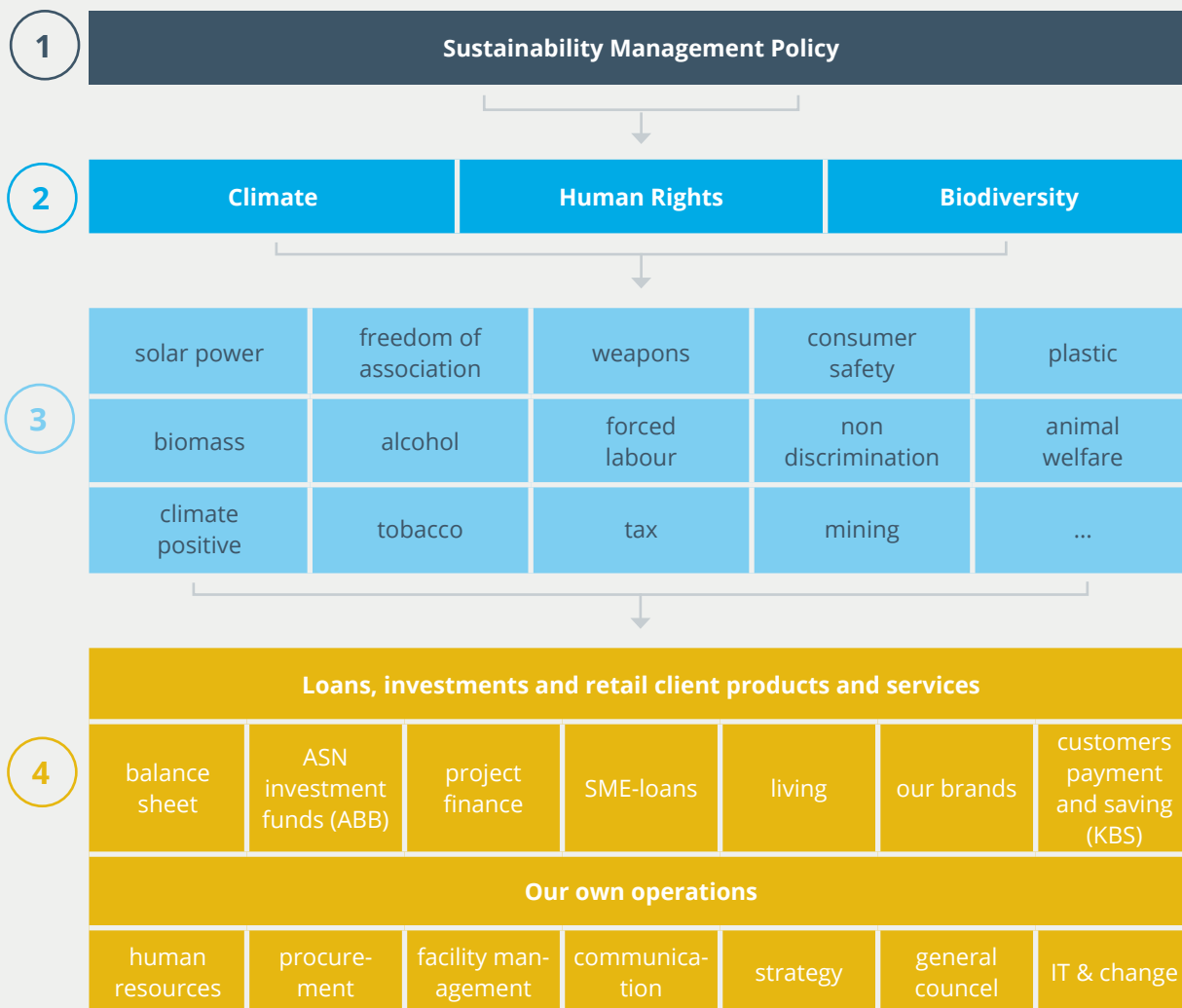
2. A future based on sustainability

“Better for each other” is our promise to the Netherlands. We give substance to this through our shared value strategy and we distinguish ourselves within the banking landscape with our four brands. We bank with a human touch, whereby sustainability is the starting point for

That's why our financial services are about utility instead of return - about value, instead of money.

the future. This means that, from our social origins, we take responsibility to shape the banking profession based on what people

really need. That's why our financial services are about utility instead of return - about value, instead of money. Above all, it means that we sincerely put the interests of our customers first, so that fundamental things in life such as housing, education and a buffer for unexpected expenditure are safeguarded now and in the future. De Volksbank wants to make a positive contribution to society. From our core activities of mortgages, savings and payments, we can have a significant positive influence on the sustainability in our chain and the financial resilience of our customers. In 2017, de Volksbank adopted the sustainability policy of its ASN Bank brand and implemented it in all its activities and processes. The sustainability policy is built on three pillars: climate, human rights and biodiversity, and is captured in a Sustainability House of Policies.



The sustainability policy can be [downloaded](#) from de Volksbank website. De Volksbank has a strict investment policy; It takes human rights and the environment into consideration in all its activities. Starting from (inter)national guidelines and laws, de Volksbank intends not to invest in companies that (are complicit in and systematically) violate human rights or harm the environment. Independent institutions assess our policies and activities in the area of sustainability. With almost

60 years' experience in sustainable banking, de Volksbank's extensive [sustainability policy](#) has received very high marks from various parties.

2.1 Climate

Climate Neutral Balance Sheet

No challenge poses a greater threat to future generations than climate change. de Volksbank

considers it its responsibility to contribute in a relevant and significant way to keep global temperature increase below 1.5 degrees Celsius. To support this goal, de Volksbank has the ambition to become climate neutral through its entire balance sheet by 2030. With this unique approach, de Volksbank not only takes into account its own direct emissions but also considers emissions related [to its lending and investment books](#).

De Volksbank applies the carbon profit and loss methodology to calculate the climate neutrality of its balance sheet. The methodology was developed by ASN Bank¹ and Navigant in 2013 and expands on the Greenhouse Gas Protocol (GHG protocol) by providing guidance on the calculation of financed emissions, known as Scope 3, category 15. Financed emissions is by far the most important category to consider when looking at the value chain of a financial institution as it relates directly to their core business, because financed emissions of a financial institution are reported to be about a thousand times larger than their Scope 1 and 2 emissions combined².

The methodology works as a scale, measuring the climate impact of loans and investments in both CO₂ emissions and avoided CO₂ emissions³. At one side of the scale are positive climate impacts, i.e. investments that lead to avoidance of CO₂ emissions, such as wind turbines and solar parks. On the other side are the negative climate impacts, i.e. investments that still lead to CO₂

1 ASN Bank was the first bank in the world to engage in carbon foot-printing in 2007 for one of their sustainable investment funds. ASN Bank was also the first in the world to announce a climate goal in 2013 on its financed emissions involving their whole balance sheet.

2 Rainforest Action Network, Bankrolling Climate Disruption: The Impacts of the Banking Sector's Financed Emissions.

3 The term 'CO₂ emissions' refers to all relevant GHG emissions expressed in CO₂-equivalents.

emissions, which can include sovereign bonds and small, medium enterprise (SME) loans and mortgages. The avoided emissions must equal the emissions in order to achieve a climate neutral balance sheet.

Sustainable housing vision

Energy efficient housing is the focal point in de Volksbank's long term climate goal. As the balance sheet consists mainly of mortgages de Volksbank sees it as its social responsibility to make a difference in this respect and to encourage their customers to make their houses energy efficient.

Energy efficient housing is the focal point in de Volksbank's long term climate goal.

An important part of sustainable living is green living. Living with awareness of sustainable use of materials and the energy performance of the house. We believe that we can contribute to this by focusing on making the housing- and construction sector more sustainable and by focusing specifically on sustainable housing solutions for private home owners. This vision is the common starting point for mortgage financing and services for our private customers.

De Volksbank implements the sustainable housing vision in various ways through its four brands. Firstly, through our financial advisors, who actively point out various measures and financing options to customers. We train our advisors in various ways to provide this advice. We do this through e-learning, webinars and expert sessions in sustainable living. With the knowledge sessions and learn-from-each other sessions, advisers

$$\text{CO}_2\text{-profit} \div \text{CO}_2\text{-loss} = \% \text{ climate-neutral}$$

Total Assets	€ 67 bn
Cash and cash equivalents	€ 5 bn
Mortgages	€ 47 bn
Government	€ 3 bn
Local authorities	€ 1 bn
other	€ 6 bn
Investments in renewable energy	€ 0,8 bn
Investments in Green Bonds	€ 0,7 bn
Other assets	€ 5 md

CO₂-loss (kt)
Our investment of which we convert the emissions to CO₂-equivalents

CO₂-profit (kt)
Our investment of which contribute to the avoidance of CO₂-emissions

share knowledge and best practices. To provide as much support as possible, we have developed a discussion tool and integrated sustainable living solutions into existing software and advisory reports as much as possible. All this with the aim of being able to help our customers with issues surrounding making the home more sustainable. At the beginning of 2020, de Volksbank joined the sector collective to make the housing market more sustainable. In this we promised, among other things, to train 80% of our consultants to

become a Certified Sustainable Living Consultant. Our customers are also proactively approached with a diverse range of products and services. We refer our customers to the [Housing Improvers platform](#). Via this platform, customers can obtain information, financial and technical advice. We make this offer possible in collaboration with various partners. We do this by offering products and services that best suit the personal situation of our customers.

Sustainable Housing products and services

Energy-saving measures can help to reduce housing costs. These measures are often met with savings. We offer attractive financing products when customers do not have sufficient resources or do not want to use their own resources. In addition, we help to make the payback period as attractive as possible by offering assistance and insight into subsidies and tax schemes in addition to our own products.

ASN Green Mortgage

The client receives a discount on the interest rate of the sustainable loan part. When sustainability measures are taken, the whole mortgage is eligible for a discounted interest rate.

Energy Savings Budget

With all brands of de Volksbank, customers can finance up to 106% of the value of the home after renovation. The 6% extra financing can be used for energy-saving measures. You can also reserve this budget if you do not yet know exactly which measures you want to take.

Energy Savings Loan

The Energy Saving Loan can be taken out through the National Energy Fund especially for energy-saving measures. This loan is made possible in part by financing via ASN Bank.

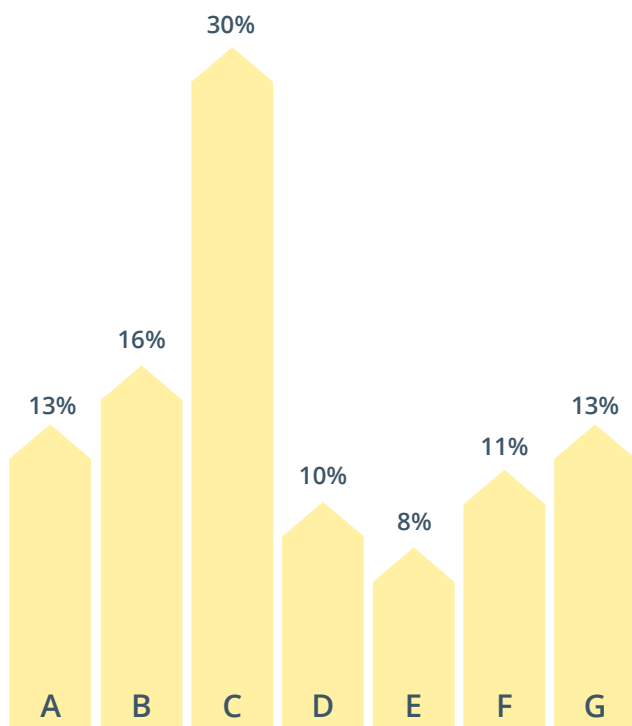
Solar as a service

As of May 2020 we have partnered up to offer solar panels. Customers receive an offer in which the lease amount is at least equal to the energy bill (usually slightly lower), so that the customer has the same costs or immediately benefits. The lease amount also includes maintenance, insurance, monitoring, etc.

SNS Personal Sustainability Loan

Dedicated to customers with an energy label of C to G and focused on insulation and solar panels. A maximum of €25k and a maximum maturity of 10y is offered.

In addition to the above products, we continuously develop new products and propositions with the aim of helping and unburdening customers in making their home energy-efficient. These new products are assessed by the Product Approval Review Committee before introduction. As a result, our products always comply with laws and regulations and with our mission of banking with a human touch.



Based on the RVO database year-end 2020 34% of the homes has a definitive label

Energy label distribution of de Volksbank

Energy label distribution of the mortgage portfolio. When both definitive and preliminary energy labels are not available, a conservative estimation can be made based on construction year.

The CO₂ emissions of our mortgage portfolio are calculated by linking the preliminary and definitive energy labels in a portfolio to national averages on gas and electricity consumption per energy label. About 10% of the mortgage portfolio consists of 'A' energy labels. Even though this methodology is widely accepted and currently uses the best publicly available data, de Volksbank realizes it has its limitations. A better grade energy label does not necessarily mean that the actual energy consumption, and thus the CO₂ emissions of a home, is reduced. Therefore we are investigating possibilities to improve the calculation methodology for mortgage portfolios by calculating the CO₂ emissions by means of average gas and electricity consumption data

specific to a certain portfolio. At year end 2018 de Volksbank agreed with grid managers Enexis, Liander and Steding to receive the actual energy consumption of de Volksbank's residential portfolio in an anonymous form.

Platform Carbon Accounting Financials (PCAF)

Since 2015, fourteen financial institutions from the Netherlands, initiated by and under the leadership of ASN Bank, have worked together to harmonize, develop and implement carbon accounting methodologies for eight asset classes through the Platform Carbon Accounting Financials (PCAF). Both for risk indicators (effect of the world on you) or impact indicators (effect of you on the world), it is important to deduct the financed climate impact (CO₂e) in a uniform and transparent manner. Since then, more financial institutions from the Netherlands have joined forces to develop and implement open-source

The goal of PCAF is to have an international uniform, transparent and widely accepted methodology.

methodologies to measure the GHG emissions of all asset classes within their loans and investments portfolios. In 2018, PCAF expanded to North America. Led by Amalgamated Bank, 12 financial institutions have adapted the PCAF carbon accounting methodologies in the North American context. In 2019, leaders of 28 banks of the Global Alliance for Banking on Values (GABV) decided to assess and disclose the GHG emissions of their loans and investments by using the PCAF approach. Building on the carbon accounting

methodologies developed in the Netherlands and North America, a global carbon accounting standard for financial institutions was developed in 2020. The global carbon accounting standard builds upon the GHG Protocol's technical guidance for calculating GHG emissions financed by loans and investments. The goal of PCAF is to have an international uniform, transparent and widely accepted methodology. "Follow the money" is a key principle of the global standard, i.e. the money should be followed as far as possible to understand and account for the carbon impact in the real economy. It includes Scope 1, 2 and relevant categories of Scope 3 of the investee.

2.2 Human Rights

Human Rights

We subscribe to the view that human rights are universal values: they apply everywhere, always and to everyone. We believe that everyone has the right to education, food and a home. That everyone

has the right to freely express their opinion. Pursuant to international human rights treaties, countries have an obligation to respect, protect and promote human rights. And we believe that we as a bank can and must contribute to this.

That is why we work together with our customers to promote human rights. Everywhere and for everyone. For more information about the [human rights policy](#) of de Volksbank and its brands, please refer to the annually updated [Human Rights Report](#).

ASN Bank has also formulated a human rights objective to be able to make even more impact: By 2030, the clothing sector will have implemented all the necessary processes to enable a living wage for employees in its chain. For more information on this human rights objective, [click here](#).

Sustainable employability of employees

De Volksbank attaches great importance to a



socially responsible package of employment conditions. Our mission of “banking with a human touch” is not only the starting point for how we bank, but also for how we treat our employees. We give them more responsibility and facilitate our employees to take control of their careers themselves. The ability to work independently of time and place ensures a good work-life balance. In addition, we offer an individual choice budget. This gives employees more flexibility in some of their employment conditions, so that they can tailor this to their own personal needs.

We recognize and value everyone's unique background and contribution and we work together to bank with a human touch.

Diversity and inclusion

A culture in which everyone feels welcome and at home, with genuine attention for the customer and for each other, that is what we stand for at de Volksbank. We recognize and value everyone's unique background and contribution and we work together to bank with a human touch. Our [diversity and inclusion policy](#) contributes to this and ensures that we create a good foundation. The diversity policy pays attention to our culture, to how we behave and interact with each other, and also to making our organization more diverse. Being close to society and making that commitment visible in the service to customers, that is what we contribute to together.

Gender Equality

De Volksbank believes it is important that women and men who perform the same work are equally

We have the ambition to have 40% of all managerial positions filled by women by 2025. In addition, we strive for a 50% male / female distribution at total employee level.

rewarded in the same situation. That is why we commissioned an independent agency, Korn Ferry, to conduct an investigation into the wage differences within de Volksbank. This shows that the pay difference is only 0.2% to the disadvantage of the women.

De Volksbank's aim is to bring the gender balance in managerial positions even further into balance. We have the ambition to have 40% of all managerial positions filled by women by 2025. In addition, we strive for a 50% male / female distribution at total employee level.

2.3 Biodiversity

Biodiversity Footprint

Biodiversity is the variety of life and ecosystems - the areas in which this life occurs, such as forests and seas. Biodiversity is a vital condition for people. But biodiversity is currently declining rapidly. We believe that de Volksbank should and can contribute as much as possible to protecting and improving biodiversity. Please find our Biodiversity Policy [here](#).

Three years after our brand ASN Bank introduced its long-term goal to have a net-positive effect



on biodiversity, de Volksbank adopted this goal in 2020. We want to prevent any further loss of biodiversity and contribute to an overall net gain of biodiversity. Our aim is that by 2030 we will actively contribute to the enhancement of biodiversity in and outside the Netherlands. We express this in our long-term goal:

An overall net positive effect on biodiversity as a result of all of our loans and investments by 2030.




We are reducing the ecological impact from our loans and investments in two ways. First, we do this by analysing whether potential loans and investments meet our strict sustainability criteria. These criteria have to be met before a loan or investment is eligible for financing. At the same time we are enhancing biodiversity, for example, by investing in biodiversity conservation, sustainable energy and the circular economy. When we achieve a more positive effect on biodiversity with our loans and investments than negative impact, we have reached our long-term goal.

When we achieve a more positive effect on biodiversity with our loans and investments than negative impact, we have reached our long-term goal.

We assess our biodiversity footprint using the Biodiversity Footprint Financial Institutions (BFFI) methodology. For more information on the calculation of the biodiversity footprint please refer to our Value Creation Report 2020, which will be published on our website in March 2021.

Partnership for Biodiversity Accounting Financials

The Partnership for Biodiversity Accounting Financials, or PBAF, was initiated in November 2019 by our brand ASN Bank. PBAF is a partnership of financial institutions that work together to explore the opportunities and

Green Bond Principles	SDG	SDG Goal	SDG Target description	EU Environmental Objectives
Green buildings	11 sustainable cities and communities 	Sustainable cities and societies	11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums	EU Environmental Objective 1: Climate Change Mitigation (Article 10) Substantial contribution to EU Objective
Climate neutral balance sheet	13 Climate action 	Climate Action	13 Take urgent action to combat climate change and its impacts	1: (1.b) Improving energy efficiency, except for power generation activities as referred to in Article 19(3)
Renewable Energy	7 Affordable and clean energy 	Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix 7.3 By 2030, double the global rate of improvement in energy efficiency	EU Environmental Objective 1: Climate Change Mitigation (Article 10) Substantial contribution to EU Objective 1: (1.a) Generating, transmitting, storing, distributing or using renewable energy in line with Directive (EU) 2018/2001, including through using innovative technology with a potential for significant future savings or through necessary reinforcement or extension of the grid



3. Green Bond Framework

In order 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, under which it can issue green bonds. De Volksbank has set up its Green Bond Strategy, via the publication of its first Green Bond Framework, back in April 2019, aimed at issuing green bonds to (re)finance green assets, namely green residential buildings in the Netherlands. Green bonds are an effective tool to channel investments to assets that have demonstrated climate benefits and thereby contribute to the achievement of the UN SDGs and to the sustainability strategy of de Volksbank.

Green bonds are useful instruments to raise funds whose amounts are capped by the portion of green assets available on the Issuer's balance sheet. With efficient housing being the focal point of de Volksbank's strategy, we have been advocating for sustainability and encouraging our customers to make their houses energy efficient for a considerable amount of time already: this has allowed us to accumulate a large portfolio of green assets.

Since the first publication of the Green Bond Framework, de Volksbank has taken important steps to enhance its Green Bond strategy, by showcasing the contribution of its green bonds to the EU Environmental Objectives as well as by taking into account the recommendations of the EU Taxonomy, on a best effort basis.

3.1 de Volksbank Green Bond Framework

The ICMA Green Bond Principles are a set of voluntary guidelines that recommend transparency and disclosure and promote integrity in the development of the green bond market by clarifying the approach for issuing a green bond.

De Volksbank's Green Bond Framework follows the ICMA Green Bond Principles (GBP) 2018 edition⁶, which have five key components:

- (1) Use of Proceeds;
- (2) Process for Project Evaluation and Selection;
- (3) Management of Proceeds;
- (4) Reporting and;
- (5) External Review.

This Framework will be applied to any green bond issued by de Volksbank starting from the date of establishment of this version of the Framework (February 2021) and may, from time to time, be updated for future issues.

Future changes to the Green Bond Principles may be implemented in future versions of the de Volksbank Green Bond Framework. Any future version of this Framework will either keep or improve the current levels of transparency and reporting disclosures, including the corresponding review by an external party (External Review).

3.2 Use of Proceeds

When drafting the Framework and defining the Eligibility Criteria, de Volksbank has taken into account the Green Bond Principles as well as the recommendation of the EU Taxonomy and the

6 Green-Bonds-Principles-June-2018-270520.pdf ([icmagroup.org](https://www.icmagroup.org))

EU Green Bond Standards, with the intention to implement them, on a best effort basis. As long as there are clear EU Taxonomy Technical Screening Criteria (TSC) and feasible practical applications in the geographies where the Bank's assets are located, any Eligible Category to be included in future versions of this Green Bond framework will follow the recommendation of the EU Taxonomy, on a best effort basis. Because of de Volksbank's climate goal on its balance sheet, CO₂ emissions, both caused and avoided is a key investment parameter for all investment decisions by de Volksbank.

CO₂ emissions, both caused and avoided is a key investment parameter for all investment decisions by de Volksbank.

The Eligible Green Loan Portfolio can include financing and refinancing to investments, expenditures and/or loans as defined in the following criteria:

Green buildings: defined as buildings which meet the following criteria:

1. For Dutch residential properties built prior to 31 December 2020:
 - Existing residential buildings with an Energy Performance Certificate (EPC) label "A" in The Netherlands, and belonging to the top 15% low-carbon residential buildings in The Netherlands⁷.
2. For Dutch residential properties built as of 1 January 2021:

7 Refer to our Green Buildings Methodology Assessment document available on our website. The top 15% evolves over time once new buildings are added to the building stock, therefore de Volksbank will refer to the top 15% low-carbon residential buildings in The Netherlands based on most recent year-end data.

- New or existing residential buildings that meet the categorization of “Nearly Zero Emissions Building” (NZEB) – 10%⁸

3. Refurbished Residential buildings with an improved energy efficiency of at least 30%. In terms of EPC labels, this is equivalent to two EPC label steps improvement. In this regard, de Volksbank may provide dedicated residential refurbishment loans

Energy Efficiency: Measures contributing to a more efficient use of energy, such as but not limited to:

- Geothermal or Hybrid heat pumps contributing to the targets for renewable energy in heating and cooling in accordance with Directive 2018/2001/EU
- Alternative heating
- Floor, wall and roof isolation
- Energy efficient windows, doors and frames, meeting Eco-design requirements pursuant to Directive 2009/125/EC
- Energy efficiency advisory
 - Energy storage
 - Energy efficient lighting such as LED

Renewable Energy: 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 can include:

- On and offshore wind energy
- Solar energy
- Tidal energy

.....
 8 The Dutch version of NZEB is called BENG. In accordance with the EU Taxonomy recommendation, the net primary energy demand of new constructions (built as of the 1st of January 2021) must be at least 10% lower than the primary energy demand resulting from the relevant BENG requirements.

3.3 Process for Project Evaluation and Selection

De Volksbank requires that loans comply with official national and international environmental and social standards, laws and regulations. It is also part of de Volksbank’s transaction approval process to ensure that loans comply with de Volksbank’s sustainability policy⁹, including those financed with the proceeds of the green bonds. Projects as proposed by various business areas of de Volksbank are evaluated and selected by de Volksbank’s Committee Social Impact (CSI), composed of a member of the Board of Directors, Director ASN Bank, Director Strategy, Manager Communications, Director Volksbank Financial Markets, Director Accounting, Reporting & Control, Director Risk and a standing invitation for the Director Audit.

ASN Bank’s Sustainability Expertise Center takes the lead in maintaining and implementing the investment policy and policies relevant to the climate impact to arrive at a climate neutral balance sheet by 2030 and in developing other human rights and biodiversity initiatives. Once every quarter, the results of the climate neutral balance sheet are discussed and approved by the CSI. Sustainable Housing and Financial Resilience have been assigned to the Marketing department.

De Volksbank is aware of the fact the EU Taxonomy and the EU Green Bond Standard (EU GBS) require that Green Eligible Loans should not only contribute to at least one of the EU Environmental Objectives, but should also do no significant harm (‘DNSH’) to any other EU Environmental Objective. Next to complying with national and international legislation, de Volksbank ensures that the environmental and

.....
 9 The extensive guide on sustainability criteria of de Volksbank can be found on ASN Bank’s website.



social risks potentially associated with the Green Eligible Loans are properly mitigated via the due-diligence processes conducted by the bank.

As an example, within credit assessment due diligence, assets likely to have significant effects on the environment by virtue of their size, nature or location must undergo an environmental

impact assessment (EIA) which will have to be submitted to competent authorities when applying for project development. When identifying eligible assets (such as green buildings and renewable energy assets) and their non-financial impacts, de Volksbank may rely on external consultants and their data sources as well. For instance, de Volksbank is a member

In addition, Green Eligible Loans, as well as all the other assets, have to comply with de Volksbank internal sustainability criteria, in respect to the Biodiversity, Climate Change and Human Rights policies discussed in detail above, which are the pillars of our Sustainability Policy.

of the Equator Principles¹⁰, a risk management framework, used for determining, assessing and managing environmental and social risk in project finance. It is primarily intended to provide a minimum standard for due diligence to support responsible risk decision-making.

In addition, Green Eligible Loans, as well as all the other assets, have to comply with de Volksbank internal sustainability criteria, in respect to the Biodiversity, Climate Change and Human Rights policies discussed in detail above, which are the pillars of our Sustainability Policy.

These eligibility criteria, minimum requirements and ESG related matters are continuously developed and reviewed in de Volksbank's external and internal policy frameworks.

10 [equator-principles.com](https://www.equator-principles.com)

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 Use of Proceeds 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.

Pending the full allocation of the Proceeds, 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 yet allocated to the Eligible Green Loan Portfolio in its treasury liquidity portfolio, in cash or other short term and liquid instruments with a sustainable character (such as green and social bonds). De Volksbank CSI will review and approve allocations of bond proceeds to the Eligible Green Loan Portfolio on, at least, an annual basis.

3.5 Reporting

De Volksbank will make and keep readily available reporting on the allocation of net proceeds to the Eligible Green Loan Portfolio after a year from the issuance of the applicable Green Bond, to be renewed annually. De Volksbank will report the allocation of the Use of Proceeds to the Eligible Green Loan Portfolio at least at the category level and on an aggregated basis for all of de

Volksbank's green bonds. De Volksbank will also report on the progress of the climate neutral balance sheet, and the extent to which the green bond has contributed to the climate neutral balance sheet. De Volksbank intends to align the reporting with the most up to date methodology proposed by PCAF at the time of reporting.

Allocation Reporting

The allocation report will provide, for each Eligible Green Category:

- the total amount of proceeds allocated to Eligible Green Loans per category
- the number of Eligible Green Loans
- the balance of unallocated proceeds
- the amount or the percentage of new financing and refinancing¹¹

Environmental impact reporting

De Volksbank commits to provide an annual non-financial impact report on climate impact associated to major categories of Eligible Green Loans, i.e.:

- For Green Buildings Eligible Loans on:
 - Estimated ex-ante annual energy consumption and energy saving in kWh/m²
 - Estimated annual financed emissions and avoided emissions in tons of CO₂ equivalents
- For Energy Efficiency Loans on:
 - Examples and/or case studies of selected projects
 - If available, estimated avoided emissions in tons of CO₂ equivalent
- For Renewable Energy Loans on:
 - Examples and/or case studies of selected projects
 - Installed capacity in MW
 - Estimated avoided emissions in tons of CO₂ equivalent

11 New financing refers to the loans that have been offered in the year of issuance.

- The contribution to de Volksbank's goal towards a climate neutral balance sheet:
 - Estimated annual financed emissions and avoided emissions in tons of CO₂ equivalent
 - Contribution to the total annual financed emissions and avoided emissions in percentages

Impact reporting information will be presented in accordance with the ICMA Handbook template for impact reporting in accordance with the portfolio approach "Harmonized Framework for Impact Reporting (December 2020)"¹².

Both the allocation report as well as the impact report will be made available via the [de Volksbank website](#).

3.6 External review

Second Party Opinion

De Volksbank Green Bond Framework has been reviewed by ISS ESG who has issued a Second Party Opinion. ISS ESG has evaluated the framework's alignment with the ICMA Green Bond Principles and the market best practices as well as its compliance with the recommendation of the EU Taxonomy and EU Green Bond Standard. The Second Party Opinion as well as the Green Bond Framework will be made available to investors through the [de Volksbank website](#).

Verification

De Volksbank will request on an annual basis, starting one year after issuance and until maturity, a limited assurance report of the allocation of the bond proceeds to eligible assets, provided by its external auditor (EY or any subsequent external auditor).

12 Handbook - Harmonized Framework for Impact Reporting December 2020 ([icmagroup.org](https://www.icmagroup.org))

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de volksbank

beter voor elkaar



1 Sustainability Management Policy

2 Climate Human Rights Biodiversity

solar power	freedom of association	weapons	consumer safety	plastic
biomass	alcohol	forced labour	non discrimination	animal welfare
climate positive	tobacco	tax	mining	...

4 Loans, investments and retail client products and services

balance sheet	ASN investment funds (ABB)	project finance	SME-loans	living	our brands	customers payment and saving (KBS)
Our own operations						
human resources	procurement	facility management	communication	strategy	general council	IT & change




$$\text{CO}_2\text{-profit} \div \text{CO}_2\text{-loss} = \% \text{ climate-neutral}$$

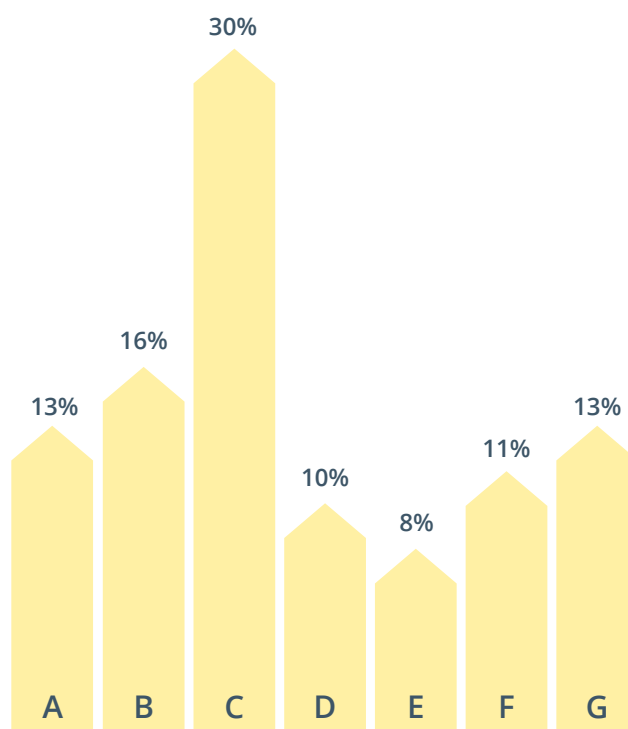
Total Assets	€ 67 bn
Cash and cash equivalents	€ 5 bn
Mortgages	€ 47 bn
Government	€ 3 bn
Local authorities	€ 1 bn
other	€ 6 bn
Investments in renewable energy	€ 0,8 bn
Investments in Green Bonds	€ 0,7 bn
Other assets	€ 5 md

CO₂-loss (kt)
 Our investment of which we convert the emissions to CO₂-equivalents

CO₂-profit (kt)
 Our investment of which contribute to the avoidance of CO₂-emissions



Green Bond Principles	SDG	SDG Goal	SDG Target description	EU Environmental Objectives
Green buildings	11 sustainable cities and communities 	Sustainable cities and societies	11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums	EU Environmental Objective 1: Climate Change Mitigation (Article 10) Substantial contribution to EU Objective
Climate neutral balance sheet	13 Climate action 	Climate Action	13 Take urgent action to combat climate change and its impacts	1: (1.b) Improving energy efficiency, except for power generation activities as referred to in Article 19(3)
Renewable Energy	7 Affordable and clean energy 	Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix 7.3 By 2030, double the global rate of improvement in energy efficiency	EU Environmental Objective 1: Climate Change Mitigation (Article 10) Substantial contribution to EU Objective 1: (1.a) Generating, transmitting, storing, distributing or using renewable energy in line with Directive (EU) 2018/2001, including through using innovative technology with a potential for significant future savings or through necessary reinforcement or extension of the grid



Based on the RVO database year-end 2020 34% of the homes has a definitive label