

BNG Bank N.V. Sustainable Finance Framework



October 2021

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1. Introduction of the Sustainable Finance Framework

BNG Bank N.V. (hereafter: 'BNG Bank') introduces a Sustainable Finance Framework under which several types of sustainable financial instruments can be issued (e.g. bonds, loans, commercial paper, certificates of deposit etc.). The financial instruments will be used to fund only one out of two types of sustainable eligible Use of Proceeds in order to give investors full upfront transparency on what the funds will be used for and allow them to make targeted sustainable purchases. To enable this, the Framework exists of a generic section and two thematic 'Sub-Frameworks'. Depending on the theme of the issuance, the generic part of the Framework can be read in combination with the corresponding Sub-Framework.

The Sub-Frameworks cover the following eligible projects:

1. SDG-linked loans to municipalities
2. SDG-linked loans to social housing associations

The BNG Bank Sustainable Finance Framework follows the ICMA Green Bond Principles (GBP), the ICMA Social Bond Principles (SBP) and the LMA/APLMA/LSTA Green Loan Principles (GLP). Additionally, BNG Bank intends to further align its Framework with the EU Green Bond Standard where applicable, and a potential EU Social Bond Standard. The Framework seeks to contribute to the United Nations Sustainable Development Goals.

The BNG Bank Sustainable Finance Framework has been published on BNG Bank's website and a Second Party Opinion has been provided by ISS-ESG.

2. About BNG Bank

2.1 Bank Overview

BNG Bank is a Dutch promotional lender specializing in providing financing for (semi-)publicly owned organizations, acting as an intermediary between the international money and capital markets and the Dutch public sector. BNG Bank has provided financing to the public sector since 1914, at competitive terms and conditions and for all maturities, irrespective of the situation on the financial markets. Its clients are local authorities and are also in the social housing, healthcare, education, energy and infrastructure sectors. The majority of the loans it provides (more than 90%) are loans that are guaranteed by government bodies. BNG Bank is a statutory two-tier company under Dutch law ("structuurvennootschap"). Half of the bank's share capital is held by the State of the Netherlands and the other half by municipal authorities, provincial authorities and a water board. BNG Bank is one of the largest issuers of bonds in the Netherlands. BNG Bank is seen as a safe bank thanks to the shareholding of Dutch public authorities and largely solvency-free lending. It is currently rated as C+ prime by ISS-ESG.

2.2 Sustainability Strategy

Everything BNG Bank does, revolves around making social impact. Instead of maximising profits, its priority is to maximise the social impact of its activities. It enables the public sector to achieve its social objectives. In recent years, it has provided a wide range of products and services to its clients, which has resulted in fragmentation of its activities. Through its "Road to Impact" strategy, the bank is redefining its focus, by defining:

- **purpose** – maximum social impact;
- **who it serves** – the public sector;
- **how it acts** – in a sustainable, reliable and professional way.

BNG Bank is convinced that these conscious choices will enable it to achieve its ambitions: to be the promotional lender that delivers social impact and that is considered by clients and other stakeholders as their natural partner for addressing the social challenges they have to cope with.

The bank’s core values are *sustainability*, *reliability* and *professionalism*:

- Sustainability indicates that its actions are focused on making an impact, both now and in the long term. The bank knows what is happening in society, and is focused on solutions and on the relationship with clients;
- Reliability is manifested in transparency in its actions and communications. BNG Bank is clear and honest about what it can do and it delivers on commitments;
- Professionalism defines how BNG Bank works, how it develops and how it engages in a professional context: the bank works effectively and improves on an ongoing basis. It shows respect for others, listens carefully and addresses issues using its experience.

BNG Bank deliberately focuses on the public sector in the Netherlands; this is what makes it unique and is where its heritage is rooted. BNG Bank uses its knowledge and expertise in a targeted way. This enables it to increase its social impact. BNG Bank will measure and report on its impact, so it can work on continuously improving its social impact. For this, BNG Bank will use the Sustainable Development Goals (SDGs). BNG Bank mainly targets four SDGs on which it can maximise its impact by helping its clients:

SDG 11: Sustainable Cities and Communities

- As a partner of social housing associations, BNG Bank contributes to better and livable communities;
- As a partner of municipalities, BNG Bank contributes to affordable and better social provisions



SDG 3: Good Health and Well-Being

- BNG Bank contributes to affordable health care for everyone;
- BNG Bank is a partner in improving sustainability of hospitals and other care facilities



SDG 4: Quality Education

- BNG Bank contributes to affordable and high quality school buildings
- BNG Bank is a partner in improving sustainability of schools and other educational buildings



SDG 7: Affordable and Clean Energy

- BNG Bank contributes to a larger share of renewable energy in our energy mix
- BNG Bank contributes to energy savings and more energy efficiency



Do no significant harm

All BNG Bank's operations are guided by its sustainability policy . This document sets out how BNG Bank gives shape to its core value of 'sustainability'. The sustainability policy was discussed in the Social Impact Advisory Committee and approved by the Executive Committee. The external KPIs relating to sustainability that are included in the bank's management report are audited by the external auditor. Achievement of the internal KPIs is discussed in the quarterly meetings between the Executive Committee and the relevant managers.

BNG Bank has excluded a number of activities and business practices from lending, even if such financing is permitted by BNG Bank's articles of association. Any relevant scenarios in which the government has set specific policies or provides explicit guarantees will be independently reviewed by the bank (on a case-by-case basis). If a customer falls under the specified exclusion criteria at any time during the course of an agreement, the bank will in the first instance consult with the customer in question to try to find a solution to ensure the customer returns to a situation of compliance. In the event of repeated breaches of the criteria, the bank will examine ways to terminate the relationship with the customer concerned. BNG Bank also reserves the right to reject a loan application on the grounds of sustainability considerations.

BNG Bank expects its customers to comply with the laws and regulations applicable to them and to be able to show proof of such compliance on request. BNG Bank expects them to assess the business partners that they work with in order to carry out their own activities for compliance with laws and regulations and with sustainability criteria (supply chain responsibility), and be able to show proof of such an assessment on request. BNG Bank reserves the right to refuse a loan to a customer if that customer's suppliers do not meet the sustainability criteria.

BNG Bank largely procures its supplies from Dutch suppliers who are subject to Dutch laws and regulations. In the procurement policy, procurement is tailored to actual use and there must be a good balance between environmental, people-related and economic interests. Suppliers are required to meet sustainability performance standards in the areas of working conditions, remuneration and working hours, either through external certification (ISO or EMAS) or through an assessment. The bank's exclusionary provisions apply to suppliers. At regular intervals, BNG Bank discusses with suppliers their commitments to sustainable behaviour. If BNG Bank notices that the bank's sustainability principles have been breached, it will consult the supplier and attempt to find a satisfactory solution. If BNG Bank cannot find a solution, it will stop using that supplier. Given the size of the bank's organisation, the amount of expenditure on procurement activities is limited. The bank's procurement policy is published at bngbank.nl.

Social safeguards

1. As set out in its Human Rights Policy , conventions relating to human rights, the rights of minorities and workers' rights provide a framework for the bank's activities. BNG Bank is committed to respect human rights at all levels.
2. Article 2 of BNG Bank's articles of association provides a framework for the institutions that are eligible for financing. There must always be a material financial involvement on the part of a government body. Customers outside of this framework will not be eligible for financing by BNG Bank. The bank encourages customers to become more sustainable and is actively involved in the transition toward the use of energy from renewable sources.
3. BNG Bank's clients are subject to the Customer Due Diligence (CDD) policy, which covers integrity risks and human rights aspects. A High Risk assessment in the field of human rights (countries and sectors) is part of the lending process.

4. The Equator Principles framework applies to project financing. This means that customers must report annually on their projects' compliance with the principles. The lending proposals include a section on sustainability, which focuses on the results of the environmental and social risk assessments required under the Equator Principles.
5. For the refinancing of export credits covered by a Dutch government guarantee, the Corporate Social Responsibility (CSR) analysis of Atradius¹ must be taken into consideration. This assessment is done using OECD guidelines, labour standards from the International Labour Organisation (ILO) and the principles of UN Global Compact. Even if the outcome of this analysis is positive, the bank may still decide not to refinance these loans. When BNG Bank however is acting in its capacity as a funder designated by the Ministry of Finance for fixed rate export credit refinancing (CIRR), BNG Bank will provide refinancing in case the analysis of Atradius is positive.
6. The Dutch duty of care, acting in the customer's interests, has priority in the bank's services. Accordingly, BNG Bank aims to provide straightforward and transparent products that meet the needs of BNG Bank's customers and have manageable risks attached. Considerable attention is given to providing customers with clear and concise information and warning them of the risks attached to certain products. BNG Bank's lending conditions are set out in fair, extensive and accurate terms and do not contain any hidden onerous conditions (small print). All costs and terms are outlined clearly and unambiguously.
7. The development of new products is subject to a product approval process (PARP) at BNG Bank, which is also used to evaluate existing products periodically. The PARP process ensures that the duty of care in respect of the customer is given a more prominent role within product approval. This is achieved by defining the target group (positive and negative) and identifying the needs and the risk profile to ensure that the design of the financial instrument, including its properties, does not have an adverse impact on end customers or lead to problems in relation to market integrity.
8. As part of the Credit Risk Management Framework the bank has market segment policy papers in place. The purpose of the market segment policy papers is to realise a widely supported finance strategy for market segments that align to the commercial objectives of the bank. The policy papers are annually revised based on actual market – and sector developments. The following market segments are distinguished 1) Housing associations; 2) Healthcare institutions; 3) Education; 4) Energy companies; 5) Networks (including Water companies); 6) Environment; 7) Mobility; 8) Public Sector; 9) Credit institutions and 10) Insurance companies and pension funds. BNG Bank does not have, given its business profile, a marketing strategy for the market segments 9) Credit institutions and 10) Insurance companies and pension funds, therefore no policy papers need to be developed for these market segments.
9. A new senior management structure was introduced on 1 March 2021, comprising an Executive Committee consisting of five members. This Committee is made up of the current Executive Board, with the addition of a Chief Commercial Officer (CCO) and a Chief Operating Officer (COO). The CCO will be responsible for translating our key external strategic priorities into actions. The COO will bring information technology expertise and leadership to the executive level.
10. Expert and engaged employees are crucially important for the organisation's performance. Long-term employability, mobility, diversity, flexibility, responsible remuneration and employee development are key aspects of the BNG Bank HR policy. BNG Bank's policy sets out how BNG Bank intends to ensure everyone is offered equal opportunities. BNG Bank complies with Dutch laws and regulations in relation to employee rights and working conditions, regardless of religion, gender, origin, sexual orientation or nationality. BNG Bank applies a zero-tolerance policy to cases of actual or attempted bribery and

¹ Atradius provides trade credit insurance, surety and collections services worldwide through a presence in more than 50 countries around the globe. It is the credit insurance arm of Grupo Catalana Occidente.

corruption, regardless of the target. BNG Bank's employees must act ethically and with integrity. On commencing employment, particular attention is paid to employee and executive integrity. BNG Bank pursues a pre-employment screening policy. New employees receive the BNG Bank Company Code when joining the bank and take the oath or affirmation for the financial sector. The bank has procedures in place to prevent, discourage and detect bribery and corruption. Internal rules of conduct to avoid conflicts of interest include rules for accepting and giving business gifts and rules for entering into private transactions with suppliers.

11. Responsibility for implementing the human resources policy rests with management and the Human Resources department.

3. Core components of the Sustainable Finance Framework

The Sustainable Finance Framework follows the four key pillars of the GBP & SBP and the GLP: Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds and Reporting. As explained in the introduction of the Framework, the Sustainable Finance Framework bundles two Sub-Frameworks that provide details on individual thematic (bond issuance) transactions that BNG Bank can execute. Each transaction BNG Bank initiates will include eligible projects from only one Sub-Framework to avoid mixed Use of Proceeds in one financial instrument.

As the 'Management of Proceeds' and the method of 'Reporting' are similar for each Sub-Framework, BNG Bank included these chapters only once here below and will refer to them in the Sub-Frameworks.

3.1 Management of proceeds

The proceeds will be allocated and managed on a portfolio basis. BNG Bank will monitor and track an amount equal to the net proceeds through its internal accounting system and will seek to allocate 100% of this amount to its eligible portfolio. Pending the full allocation to the eligible portfolio (with allocation taking place each calendar year), BNG Bank will hold and / or invest the balance of net proceeds not yet allocated, at its own discretion,. If a designated part in the applicable eligible portfolio ceases to be eligible in the applicable eligible portfolio, the proceeds will be re-allocated to different eligible parts, as soon as reasonably practicable.

3.2 Reporting

Reporting will be available to investors within one year from the date of the Bond issuance and annually thereafter until the proceeds have been fully allocated. The annual Bond report with updates on the allocation of proceeds and an impact evaluation of the funded municipalities or housing associations will be published on BNG Bank's website, along with assertions by BNG Bank's internal audit department that the net proceeds were allocated according to the eligible Use of Proceeds methodology.

3.3 Sub-Frameworks

For each Sub-Framework, Use of Proceeds, Process for Evaluation and Selection and specific Reporting are further described in the Sub-Frameworks below. Sub-Frameworks incorporated in the Sustainable Finance Framework are:

1. SDG-linked loans to municipalities
2. SDG-linked loans to social housing associations

Sub-Framework I

SDG-linked loans to municipalities

Use of Proceeds

- Type of sustainable funding: green and social
- Description eligible proceeds: funding the SDG-linked part of all Dutch municipal expenditures
- Alignment with BNG Bank strategy: BNG Bank finances the total Dutch municipal budget
- GBP/SBP/GLP category: access to essential services, socioeconomic advancement, employment generation, clean transportation, green buildings, environmentally sustainable management of living natural resources and land use, pollution prevention and control, sustainable water and wastewater management
- Contribution to UN Sustainable Development Goals: all SDGs

Project Evaluation and Selection

BNG Bank finances the total Dutch municipal budget. This budget is drawn up using 53 Classification of Functions of Government (“COFOG”) tasks to display the municipal expense categories. In this classification system, municipal budgets are clustered in 9 divisions (first level) and divided into 53 tasks (second level). The tasks classify government expenditure data using the purpose for which the funds are used. The COFOG classification was developed by the Organization for Economic Cooperation and Development (OECD) and is published by the United Nations Statistical Division (UNSD) . In the Netherlands, Statistics Netherlands (CBS) produces these COFOG statistics. All tasks are described on the website of the national government, an overview can be found in the Annex.

BNG Bank developed a methodology in which the 53 municipal tasks have been linked to the 17 Sustainable Development Goals (“SDGs”) and the underlying 169 sub-targets:

- Linking of COFOG tasks to SDGs was executed using the following documents: “High-Level Mapping to the Sustainable Development Goals” by the ICMA and the “Global indicator framework for the Sustainable Development Goals and targets of the 2030 Agenda for Sustainable Development” by the UN ;
- All COFOG tasks that are SDG-linked, have been categorised using the Green Bond Principles (“GBP”) and Social Bond Principles (“SBP”) Use of Proceeds categories;
- All SDGs have been addressed.

This approach has made it possible to distinguish between an SDG-linked and a non-SDG linked part of the overall Dutch municipal budget. Thus, all SDG-linked expenditures of all municipalities are deemed eligible, and all non-SDG-linked expenditures non-eligible. Please refer to Table below for a full overview of all tasks that have been linked to SDGs.

SBP or GBP UoP category	Eligible COFOG tasks	SDG alignment
Access to essential services	<ul style="list-style-type: none"> • 1.1 Crisis management and fire brigade • 1.2 Public order and safety • 4.1 Public primary education • 4.2 Educational housing • 4.3 Education policy and student affairs • 5.2 Sports accommodations • 5.4 Museums • 5.5 Cultural heritage • 6.72 Customized services 18- • 7.1 Public health • 8.1 Spatial planning 	
Socioeconomic advancement	<ul style="list-style-type: none"> • 0.2 Civil affairs • 6.1 Cooperation and citizen participation • 6.2 Neighborhood teams • 6.3 Income plans • 6.6 Customized facilities (WMO) • 6.71 Customized services 18+ • 6.81 Escalated care 18+ • 6.82 Escalated care 18- 	
Employment generation	<ul style="list-style-type: none"> • 3.1 Economic development • 3.3 Business counter and business schemes • 3.4 Economic promotion • 6.4 Guided participation • 6.5 Labor participation 	
Clean transportation	<ul style="list-style-type: none"> • 2.5 Public transport 	
Green buildings	<ul style="list-style-type: none"> • 0.3 Management of other buildings and grounds • 3.2 Physical business infrastructure • 8.3 Living and building 	
Environmentally sustainable management of living natural resources and land use	<ul style="list-style-type: none"> • 5.7 Public green areas and (outdoor) recreation • 7.4 Environmental management 	
Pollution prevention and control	<ul style="list-style-type: none"> • 7.3 Waste 	
Sustainable water and wastewater management	<ul style="list-style-type: none"> • 7.2 Sewerage 	

BNG Bank is responsible for the evaluation and selection of the SDG-linked, eligible part of the municipal budget. BNG Bank identifies this eligible part in line with abovementioned Use of Proceeds methodology. The selection of eligible expenditures is done on an annual basis until full allocation of the proceeds and is done on municipal level.

Reporting

- **Reporting on the allocation of proceeds** will be available to investors within one year from the date of a Financial

Instrument issuance and annually thereafter, until the proceeds have been fully allocated. BNG Bank will track the allocation of proceeds and will report on the percentage of proceeds allocated, as well as on the outstanding volume of the Financial Instrument portfolio. The report will provide insights into the total amount of Sustainability Bonds outstanding, the number of environmental or social expenditures and their geographical location on municipality level. In addition, information is disclosed on the nature of the expenditures (capital expenditures) and the share of new expenditures versus refinanced expenditures.

- **Impact reporting:**

In order to track the impact of the Sustainability Bond, annual impact reports will be prepared by Het PON & Telos and made available until the proceeds have been fully allocated and until the maturity date of the bond. Het PON & Telos is a research institute from Tilburg, and an official partner of Tilburg University. The annual impact reports will describe the sustainable development of municipalities financed by the Sustainability Bond, and their performance on several key indicators per SDG.

The Netherlands has a long tradition of national policy planning that values environmental improvement, while simultaneously building long-term economic strength and improving socio-cultural conditions. This is reflected in its national agencies for Economic Planning (CPB), Social-Cultural Planning (SCP) and Planning of the Living Environment (PBL). The Dutch government thus gives high priority to sustainability and green growth (Regeerakkoord, 2017).

Following the recognition that many environmental and social issues are better addressed by local authorities than at the national level, the Dutch government has started decentralizing many of its activities to promote sustainability at the municipal level. Furthermore, it has established covenants with societal actors to forge major transformations in the national governance structures that have an impact on sustainable development.

Het PON & Telos is very experienced in measuring and monitoring sustainable development for municipalities. On an annual basis, Het PON & Telos publishes the National Monitor Sustainable Municipalities, providing Dutch municipalities with (scientific) insights in their sustainable performance. The knowledge and experienced gained with these publications will be used to provide impact indicators for BNG Bank’s annual impact reports.

Given the nature of this Sustainability Bond, and the recent developments in sustainability and climate in the Netherlands, the indicators used to measure the municipal development on the SDGs will be chosen based on three basic principles:

- The indicator must be linked to an SDG financed by the corresponding Sustainability Bond
- The indicator must be closely linked to the municipal tasks or sphere of influence
- The data used must be of high quality, and from a reliable source

In the next table, a few examples are given for the impact monitoring per SDG. The definite set of indicators will be presented in the first annual impact report, published one year after the issuance date of the Sustainability Bond.

SDG	Impact indicators
1. No Poverty	Poor households; Social welfare benefits; Risk contour; Floods; Earthquakes; Incapacity for work.
2. Zero Hunger	Assessment of own health; Chronicle illness; Distance to general practitioner; Distance to public hospital; Road safety; Concentration of ozone (O3); Concentration of particulate matter (PM2.5); Obesity; Alcohol; Drugs; Smoking behavior; Mental health costs; Regular health costs

3. Good Health and Well-being	Physical health; Mental health; Air quality
4. Quality Education	Distance to primary school; Distance to secondary school; School dropouts; Youth unemployment; Education level population
5. Gender Equality	Labor participation
6. Clean Water and Sanitation	Clean ground- and surface water: Water quality: Fish population; Water quality: Macro-fauna; Water quality: Flora; Physical-chemical water quality: Water quality: Other substances; Water quality: Priority substances
7. Affordable and Clean Energy	Wind energy; Solar energy; Natural gas use households; Electricity use households; Energy label houses; Natural gas use companies; Energy use companies; Energy poverty
8. Decent Work and Economic Growth	Cultural employment; Gross regional product per capita; Employment function; Human resources exploitation; Unemployment; High- and medium-tech employment Employment in the creative industry; School dropouts; Youth unemployment
9. Industry, Innovation and Infrastructure	Emission of carbon-dioxide (CO ₂); Glass-fiber internet connections; Share of knowledge workers; Access to main roads and highways; Recharging stations for electric vehicles; High- and medium-tech employment
10. Reduced Inequalities	Loneliness; Political engagement; Financial assets households; Migration; Social welfare benefits; Poor households
11. Sustainable Cities and Communities	National monuments; Affordable housing; Affordable rental housing; Natural landscapes; Access to train station; Access to public busses; Risk contour; Concentration of particulate matter (PM _{2.5}); Tendency to move; Household general micro waste; Household general macro waste; Cycling climate
12. Responsible Consumption and Production	Household general micro waste; Household general macro waste Separation general macro waste; Separation general micro waste
13. Climate Action	Flooding; Urban heat islands
15. Life on Land	Nitrogen deposition; Natural landscapes; Biodiversity
16. Peace, Justice and Strong Institutions	Turnout local elections; Turnout national elections; Turnout European elections; Turnout provincial elections; Violent crimes; Property crimes; Vandalism; Child protection; Feelings of unsafety

Additional (example) impact metrics (aligned with the “Harmonized Framework for Impact Reporting”² and “Working Towards a Harmonized Framework for Impact Reporting for Social Bonds”³ by ICMA are:

- Access to essential services (SBP):
 - Number of hospitals and other healthcare facilities built/upgrade
 - Number of residents benefitting from healthcare
 - Number of vulnerable students
 - Change in rate of early school leavers /School dropout rate
 - Percentage of students with special educational needs in regular classrooms
 - Number of education facilities and/or initiatives
 - Percentage of population 25-64 who have completed their tertiary education
- Socioeconomic advancement (SBP):
 - Beneficiaries of minimum benefits
 - Income wealth ratio
- Employment generation (SBP):
 - Number of disabled people employed
 - Jobs created and/or retained
- Affordable basic infrastructure (SBP):
 - Share of people with access to public transport
- Green buildings (GBP):
 - Annual GHG emissions reduced/avoided in tonnes of CO2 equiv. vs local baseline/baseline certification level; and/or
 - % of water reduced/avoided vs local baseline/baseline certification level/IGCC /International Plumbing Code
 - Amount p.a. of waste minimised, reused or recycled in % of total waste and/or in absolute (gross) amount in tonnes p.a.
- Pollution prevention and control (GBP):
 - Waste that is prevented, minimised, reused or recycled before and after the project in % of total waste and/ or in absolute amount in tonnes p.a.
 - Area with improved regular (daily, weekly or bi-weekly) waste collection service
 - Km of street with regular (daily, weekly or bi-weekly) street sweeping service coverage
- Sustainable water and wastewater management (GBP):
 - Annual absolute (gross) amount of wastewater treated, reused or avoided before and after the project in m3/a and p.e./a and as %

² <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/Handbook-Harmonized-Framework-for-Impact-Reporting-220520.pdf>

³ <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Harmonized-Framework-for-Impact-Reporting-for-Social-BondsJune-2020-090620.pdf>

Sub-Framework II

SDG-linked loans to social housing

Use of Proceeds

- Type of sustainable funding: social
- Description eligible proceeds: BNG Bank's loans to social housing associations
- Alignment with BNG Bank strategy: BNG Bank aims to contribute to more and better housing for people in need
- GBP/SBP/GLP category: affordable housing
- Contribution to UN Sustainable Development Goals: SDGs 1, 5, 7, 10, 11

Project Evaluation and Selection

The Use of Proceeds of this sub-framework are by law restricted to the below list (from the “Waarborgfonds Sociale Woningbouw Reglement van Deelneming”, see for guarantee scheme www.wsw.nl):

A: Dwellings:

- (1) housing;
- (2) residential care housing;
- (3) houseboats with berths;
- (4) caravans and –stands;
- (5) children's homes and youth boarding;
- (6) 'skaeve huse'⁴;
- (7) land belonging to the previously described housing.



B: Immovable and infrastructural appurtenances of housing under A:

- (8) greening and play facilities;
- (9) small-scale roads and paths;
- (10) connection of residential areas to general utilities or infrastructural facilities;
- (11) parking facilities belonging to housing (under A);
- (12) bicycle parking facilities used for housing (under A);
- (13) heat cold storage installations associated with housing (under A);
- (14) soil belonging to the appurtenances in the preamble.



C: Social real estate:

- (15) neighborhood houses;
- (16) community centers;
- (17) youth centers (without catering permit);
- (18) elementary schools;
- (19) rooms used for the purpose of social work related to the neighborhood;



⁴ Skaeve Huse is a Danish expression which means “special houses for special people”. It refers to a project in Denmark that has been set up to house people who can no longer be housed through the regular housing system, because of their history as problem- or nuisance tenants.

- (20) rooms used for the purpose of welfare work related to the neighborhood;
- (21) shelter centres;
- (22) care support places within residential care buildings;
- (23) centers for youth and family;
- (24) rooms for day care disabled/elderly including healthcare infrastructure;
- (25) hospices;
- (26) village or neighborhood libraries;
- (27) own office spaces;
- (28) safety houses;
- (29) soil belonging to the social real estate in the preamble.

D: Immovable and infrastructural appurtenances of housing under C and provisions for liveability:



- (30) landscaping;
- (31) small-scale roads and paths;
- (32) connection to general utilities or infrastructural facilities;
- (33) parking facilities belonging to social real estate;
- (34) bicycle parking facilities at social real estate;
- (35) soil belonging to the appurtenances in the preamble.

E: Social property that the participant already owned on 1 July 2015:



- (36) vmbo-mbo-schools, vwo-schools, school buildings for special education;
- (37) combination schools;
- (38) neighborhood sports facilities;
- (39) places for social activities not aimed towards the neighborhood;
- (40) places for welfare activities not aimed towards the neighborhood;
- (41) support centers for debt repayment and budget management advice for households with financial difficulties;
- (42) multifunctional centers for social services;
- (43) centers for work (opportunities) and/or promotion of activity in the neighborhood;
- (44) spaces for small-scale cultural activities;
- (45) soil belonging to the appurtenances in the preamble.

F: Immovable and infrastructural appurtenances of housing under E:



- (46) landscaping;
- (47) small-scale roads and paths;
- (48) connection to general utilities or infrastructural facilities;
- (49) parking facilities belonging to social real estate;
- (50) bicycle parking facilities at social real estate;
- (51) soil belonging to the appurtenances in the preamble.

- Refinancing of earlier loans with WSW security or of municipal or other Dutch governments.
- (Re)financing of services of general economic interest (DAEB) that the 'Woningwet' dedicates to admitted institutions, other than under I and II mentioned, among others for example:
 - payment of the contribution mentioned in article 58 section 2 of the 'Woningwet' so far that the contribution can administratively be allocated to the DAEB of the admitted institution;
 - payment of the Obligo to WSW;
 - building up of obligatory liquidity buffers for derivative contracts that are administratively

- termination of derivative contracts that are administratively connected to loans used for DAEB.
- In exceptional cases WSW can secure loans for the financing of acute and unforeseen liquidity shortages in order to prevent bankruptcy, before the possibility to grant a subsidy for financial remediation has been explored and a decision has been made.

Reporting

- **Allocation reporting** will be available to investors within one year from the date of a Financial Instrument issuance and annually thereafter, until the proceeds have been fully allocated. BNG Bank will track the allocation of proceeds and will report on the percentage of proceeds allocated, as well as on the outstanding volume of the Financial Instrument portfolio. The report will provide insights into the total amount of Social Bonds outstanding, the number of environmental or social projects and their geographical location on municipality level. In addition, information is disclosed on the nature of the projects (capital expenditures) and the share of new projects versus refinanced projects.
- **Impact reporting** includes on a best-efforts basis:

In order to track the impact of the Social Bond, annual impact reports will be prepared by Het PON & Telos and made available until the proceeds have been fully allocated and until the maturity date of the bond. Het PON & Telos is a research institute from Tilburg, and an official partner of Tilburg University. The annual impact reports will describe the sustainable development of Dutch housing associations financed by the Social Bond, and their performance on several key indicators per SDG.

In the next table, a few examples are given for the impact monitoring per SDG. The definite set of indicators will be presented in the first annual impact report, published one year after the issuance date of the Social Bond.

SDG	Impact indicators
1. No Poverty	Poor households; Social welfare benefits; Floods; Earthquakes
4. Quality Education	Distance to primary school; Distance to secondary school; School dropouts; Youth unemployment; Education level population; Investment in buildings and areas
7. Affordable and Clean Energy	Gas consumption rental houses; Electricity consumption rental houses; Solar energy; Total costs residential improvements; Energy label index; Solar panels per inhabitant of a municipality; Solar panels per housing association
10. Reduced Inequalities	Social welfare benefits; Poor households; Financial reserves households
11. Sustainable Cities and Communities	New housing units prognosis; Access to train station; Total household waste; Total amount of household waste that has been sorted; Concentration particular matter; Distance to green space; Share of affordable dwellings; Total allocations within income limits; Conformity of dwellings and target group; Rent price as a percentage of the maximum permitted rent; CO2 emission of energy usage; Industrial risk; Share of renters that is "content" or

	<p>“very content” with living circumstances; amount of new dwellings; % of emission free buses; % green electricity for metro, tram and ferry; Average waiting time for access to a social housing unit for new and existing renters in a neighborhood; Matching between supply of social housing units and target group receiving rental benefits (%)</p>
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- Affordable housing (SBP):
 - Number of dwellings
 - Number of individuals/ families benefiting from subsidized housing
 - Disabled people with access to well-equipped dwellings
 - Participation (rate) of tenants
 - Share of under-served tenants
 - Rental costs compared to the national/regional rent index
 - Average housing price
 - Financial effort of households to purchase housing

4. External review

BNG Bank’s Sustainable Finance Framework has been reviewed by ISS-ESG, who has issued a Second Party Opinion. The Second Party Opinion will be made publically available on BNG Bank’s website.

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