



**nationale  
nederlanden**

# **Green Bond Framework February 2024**

**Nationale-Nederlanden Bank N.V.**

# Contents

1.	About Nationale-Nederlanden.....	2
1.1	NN Group.....	2
1.2	NN Bank.....	2
2.	NN Bank Sustainability approach.....	3
2.1	Sustainability strategy.....	3
2.2	Carbon footprint measurement.....	8
3.	Rationale for issuing Green Finance Instruments.....	9
4.	Structure and applicability of this Green Bond Framework.....	10
5.	Use of Proceeds.....	10
6.	Process for Project Evaluation and Selection.....	12
7.	Management of Proceeds.....	13
8.	Reporting.....	13
9.	External review.....	14

# Green Bond Framework

## 1. About Nationale-Nederlanden

### 1.1 NN Group

NN Group N.V. (“NN Group”, “the Group”, or “NN”) is an international financial services company, active in 11 countries, with a strong presence in a number of European countries and Japan. With all its employees, the Group provides retirement services, pensions, insurance, banking and investments to approximately 20 million customers. NN Group includes Nationale-Nederlanden, NN, ABN AMRO Insurance, Movir, AZL, BeFrank, OHRA and Woonnu. NN Group is listed on Euronext Amsterdam (NN).

NN Group helps people care for what matters most to them, offering retirement services, pensions, insurance, investments and banking products. The customers range from individuals and small and medium-sized companies to large corporates and institutional investors. NN Group operates through agents, intermediaries and banks, as well as directly with customers through websites and contact centers with the aim of delivering attractive products and services. For more than 175 years, NN has merged, grown and changed, but the core of what NN is, remained unchanged. NN puts its resources, expertise and networks to use for the well-being of its customers, the advancement of its communities, the preservation of the planet, and the promotion of a stable, inclusive and sustainable economy. NN does so guided by its values care, clear, commit, and its brand promise “You matter”.

### 1.2 NN Bank

Nationale-Nederlanden Bank N.V. (“NN Bank” or “Bank”) is a 100% subsidiary of NN Group and is a Dutch retail bank, offering various banking products and services to private individuals in the Netherlands. Core products are mortgage loans, savings and investments. NN Bank has two fully owned subsidiaries: Woonnu B.V. and HQ Hypotheken 50 B.V. Through these subsidiaries NN Bank originates mortgage loans under a separate label.

NN Bank has experienced strong growth in the last **years and has approximately 1.25 million customers as of end of 2023**. Based on the strong foundation of supporting our customers in buying their homes and helping them make sustainable choices, we are focused on building our Bank for tomorrow. We are increasingly becoming a digital and data-driven bank with industry-leading and personalised customer experiences. This means providing safe, reliable and compliant solutions for our customers together with our distribution partners. Our aim is to increasingly support our customers with relevant insights and actions, that are digitally available. We strive to be a sustainable business leader, and this is embedded in how we support our customers. We are future-oriented and focused on creating long-term value for all our stakeholders, our customers, shareholders, employees, business partners and society at large. To realise our ambitions, we focus on four strategic priorities:

#### 1. **Strong customer relationships**

In order to become more relevant to our customers, we aspire to establish strong customer relationships through personal interaction. Collecting customers’ data, with their consent, will be crucial to enabling us to provide relevant and personalised services and bridge the data gap. We want to be a partner to our clients, supporting them in the most important moments of their lives, most notably those related to the themes Living and Financial Companion.

#### 2. **Digitalisation & data-driven way of working**

We will continue to invest in digital products and propositions and in our secure and reliable banking platform. This enables us to serve our customers as personally as possible. We digitise and automate processes for customers, intermediaries and our colleagues. By further simplifying our system landscape and working with as much standardised, cloud-based software as possible, our systems are always up to date.

### 3. Sustainable company & society

NN Bank's responsibility is about people, society, reliability and professionalism. As a Bank, we recognise our responsibility to help customers to live more sustainably, based on the knowledge we have and making intelligent use of data. In addition, we reflect our sustainability ambitions in our products and services. This also makes us attractive to institutional investors who invest in the green (covered) bonds we issue and the mortgage loans we offer.

### 4. Learning & agile organisation

The digital transformation also requires an investment from our employees. Technology helps us, but our colleagues are crucial in realising our ambition. As NN Bank, we will become more and more at home in the world of data and technology. We are a learning organisation and it is our aim to gain the competencies that belong to a digital bank. We help our employees by offering a wide range of development options, so that colleagues can both grow personally and continue to contribute to the acceleration of our digitalisation.

By fulfilling the four strategic priorities, NN Bank will continue to play a significant role in the Dutch market for all our stakeholders.

From a funding perspective, NN Bank raises money through both retail savings and capital markets transactions. NN Bank is rated by S&P based on its strategic importance for its parent company NN Group. This assessment is of significant importance to the Bank's funding terms. In alignment with the broader NN sustainability strategy, NN Bank has established a Green Bond Framework (also "Framework") in 2021. We are an experienced issuer in the green bond market and under our Green Bond Framework NN Bank is able to issue both Green Unsecured and Green Covered Bonds to (re)finance green residential properties in the Netherlands. In May 2022, we were the first bank out of the Benelux to issue a Green Covered Bond.

Given the long-standing presence in the Dutch residential mortgage market (since 1963), the intended Green Bond transactions serve as a testament to NN Bank's commitment to sustainability. In accordance with best practice, we revise our Green Bond Framework on a regular basis to reflect market and/or regulatory developments.

## 2. NN Bank Sustainability approach

### 2.1 Sustainability strategy

#### NN Group

At NN Group, the purpose is to help people care for what matters most to them and to do business in a way that is consistent with the values: care, clear, commit. NN's ambition is to be an industry leader, known for customer engagement, talented people, and contribution to society. NN Group can make a real difference by supporting 20 million customers through the challenges of today and tomorrow and by contributing to the transition to a sustainable economy by investing its assets responsibly. NN Group believes that they take good care of its customers, employees and society which allows them to deliver solid long-term returns for shareholders. This approach is embedded throughout the organisation and governance structure of NN Group, and reflected in the Group's partnerships, memberships and endorsements. The strategic commitments apply to NN Group and NN Bank itself.

NN Group recognises its responsibility to contribute to a healthy environment for all generations. Therefore, through the Environmental Statement, NN Group is committed to support the principles and standards that protect and promote the environment, as defined in the:

- OECD (Organisation for Economic Cooperation and Development) Guidelines for Multinational Enterprises
- United Nations Global Compact

Furthermore, NN Group is committed to international general and sector-specific standards such as the:

- UN Environmental Programme Finance Initiative (UNEP FI)
- Principles for Responsible Investment (PRI)
- Principles for Sustainable Insurance (PSI)
- Task Force on Climate-Related Financial Disclosures (TCFD)

Commitments to (sector)agreements supporting NN in developing metrics, targets, and action plans are:

- Signatory of the Financial Sector commitment to the Dutch Climate Agreement
- Signatory of the Paris Aligned Investment Initiative (PAII) Net-Zero Asset Owner Commitment
- Member of the Net-Zero Insurance Alliance (NZIA)
- Signatory of the Finance for Biodiversity Pledge

NN implements (upcoming) regulations such as the Sustainable Finance Disclosure Regulation (SFDR), and Corporate Sustainability Reporting Directive (CSRD).

Creating long-term value for our stakeholders also means respecting people and the world we live in. Respect for human rights reflects the belief that all people are entitled to basic rights and freedoms, regardless of their nationality, gender, religion, race, or any other status. NN is committed to respect human rights as set out in the International Bill of Human Rights. In addition, we adhere to the principles contained in the:

- ILO Declaration on Fundamental Principles and Rights at Work
- ILO Tripartite Declaration Concerning Multinational Corporations and Social Policy

Additionally, we support the principles contained in the:

- UN Guiding Principles on Business and Human Rights
- Children's rights and Business Principles

NN Group is committed to responsible investment practices that integrate environmental, social, and governance (ESG) factors into its investment processes and active ownership practices. The Responsible Investment Framework policy sets out NN Group's vision and approach in this area.

By signing the PAII Net-Zero Asset Owner Commitment in June 2020, NN Group committed to the goal of net-zero GHG emissions by 2050 for its proprietary investment portfolio. NN Group worked together with other institutional investors to help develop the Institutional Investors Group on Climate Change (IIGCC) Net-Zero Investment Framework (NZIF). Using the NZIF as a guide, NN Group developed asset class specific strategies to align its portfolio to the Paris Agreement's goals.

In 2022, NN Group published a comprehensive Climate Action Plan, followed by an update in 2023, which sets out a clear roadmap to reduce greenhouse gas (GHG) emissions to net-zero in its own operations by 2040, as well as in its investments and insurance underwriting by 2050.

## NN Bank

### Sustainability matters

Sustainability is one of the cornerstones of our strategy and strategic decision-making. It is a core component of our Digital Retail Bank vision. The Bank focuses on two key topics that will have a profound impact on the lives of our customers and the way they make financial decisions:

#### 1. Customer empowerment

We want to provide customers with the tools and resources needed to make better informed financial choices and exercise greater control over their personal financial situation. This includes helping them to reduce individual housing and energy costs by providing them with insights and facilitating solutions.

#### 2. Climate change and environment

We will steer our banking product portfolio, including our high quality liquid asset (HQLA) investment portfolio, towards net zero by 2050 or sooner, to align with the Paris Agreement 1.5°C pathway. To better serve our customers, we will pro-actively develop products and services that support our customers through the challenges of these transitions. Additionally, we aim to reach net zero in our own operations by 2040 or sooner, in accordance with NN Group's sustainability goals.

### Enhancing sustainability & social responsibility

The impact of climate change has been increasingly tangible all over the world. NN Bank needs to act, both from a risk as well as an opportunity perspective.

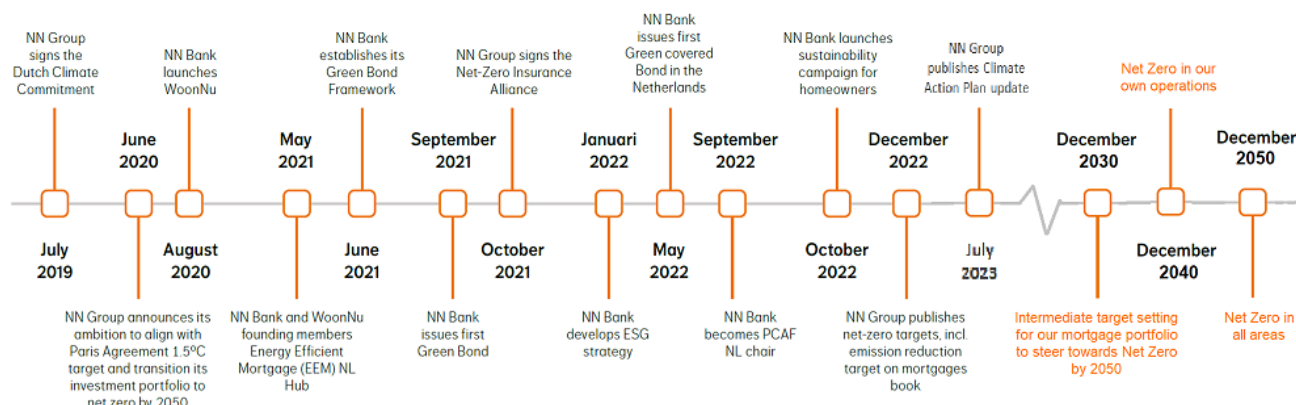
NN Group endorses various commitments, such as the commitment of the financial sector to the Dutch Climate Agreement (*Klimaatakkoord*). As a subsidiary of NN Group, NN Bank supports NN Group's commitment through its intention to contribute to the reduction of greenhouse gas emissions by Dutch households. NN Bank offers financing options to make homes more sustainable and originates green mortgage loans for ourselves, and for third party investors. We will also encourage our customers with propositions and services such as Woonnu and Powerly, to reduce emissions by making their homes more sustainable.

In 2020, NN Bank launched **Woonnu**, a mortgage label which is a 100% subsidiary of NN Bank. Woonnu differentiates in their pricing grid between an energy efficient house versus a non-energy efficient house and tries to incentivise consumers into making their homes more sustainable by unburdening them in the whole transition. We have a partner who can help consumers to, firstly, determine the amount needed to make their home more sustainable and secondly, guarantees the maximum investment amount needed to make the transition. Woonnu rewards steps taken by the consumer to reduce their carbon footprint by improving the energy efficiency of their property; when achieving energy label B or better consumers will receive an interest rate discount on their mortgage.

Furthermore, NN Bank launched **Powerly**, a platform that offers users support from orientation to implementation, as they improve the sustainability of their homes in the Netherlands. This web-based platform provides customers with tailored advice on energy efficiency measures, and helps execute these measure by connecting them to partners.

Besides focusing on enhancing sustainability, NN Bank also focuses on its social responsibility through **Healthy Living**. The initiative provides information about the importance of good indoor air quality and offers specific tools. Knowledge about the health effects of, for example, cooking on gas and the CO<sub>2</sub> concentration in the bedroom, is limited. We aim to raise awareness about the importance of a healthy indoor climate. With this we give people insight and offer practical solutions to improve the air quality in their home. One of the ways we do this is by working with organisations such as TNO and the 'Longfonds' (Dutch Lung Fund).

## Our climate journey:



## Our actions and next steps

We have defined a set of actions to further progress on our climate journey:

- Spark customer activation with an innovative platform:** Engage our customers through a platform for relevant sustainability propositions. Recently, we developed several propositions (aforementioned Woonnu, Powerly and Better Living (*Beter Wonen*)) and features (for example direct execution funnel to installation partners, B2B2C service concept for intermediaries) to spark customer activation providing customers with actionable insights and professional assistance in implementing sustainable and healthy living solutions in and around their homes.

Furthermore, we are experimenting with solutions to decrease the perceived burdens towards lowering one's carbon footprint. We, for example, recently launched a shop-in-shop experiment where sustainability advisors took place in intermediary offices to advise clients in improving their home energy efficiency..

- Develop new mortgage-specific propositions and services:** To better serve our clients, we continuously develop products and services that support their energy transition process. This includes specific and attractively priced product propositions that offer new and existing mortgage customers support and incentives for making their homes more energy efficient. To ensure that both our existing and new customers are motivated and encouraged to improve the sustainability of their homes, we will assess, and when necessary and possible adjust, our mortgage-related products' policies.

While further developing mortgage specific propositions and services, our focus will be on safeguarding an inclusive transition through empowering all customers, including services for our more vulnerable clients.

- Leverage NN Bank's Green Bond Framework:** Under this Green Bond Framework, we fund assets that mitigate climate change by reducing emissions, and thereby make a positive impact that will help steer the total mortgage portfolio emissions towards intermediate target levels and ultimately achieve our net-zero ambition.
- Evaluate and adjust all other products to help customers:** Play a role in initiating and driving sustainability in our savings and retail investment products.
- Contribute to (sector) initiatives and partnerships:** NN Bank has joined various initiatives to gain and share knowledge and expertise on healthy and sustainable living. For example, we are a partner of 'Gezond Binnen' (Healthy Living initiative), actively working together with TNO (Netherlands Organisation for Applied Scientific Research) and Longfonds (Lung Funds). We have also entered

into a network initiative with The Green Village (Delft University of Technology). We work with industry peers in the Partnership for Carbon Accounting Financials (PCAF), the Energy Efficient Mortgage Initiative (EEMI), the Energy Efficient Mortgage Label (EEML) and the Energy Efficient Mortgage NL Hub, which NN Bank and Woonnu helped to initiate, to develop harmonised standards and frameworks for energy-efficient mortgages and carbon footprint measurement.

### **Our role in society**

NN Bank contributes to society by helping our customers make sustainable living choices and by supporting them in managing their daily financial matters. NN Bank is there for people who have financial difficulties. The Bank provides a tailored approach including coaching and tools intended to generate more household income, reduce living expenses, reduce monthly mortgage payments or a combination of all of these.

We are involved in a coalition of creditors, the *Schuldeiserscoalitie*. In the coalition, large Dutch businesses work together to combat poverty in the Netherlands. The participating businesses abide by an ethical manifesto about how to deal with customers who encounter payment difficulties. NN Bank also takes part in the *Nederlandse schuldhulproute* (Dutch Debt Relief Route, NSR). Various organisations are part of the NSR, whose aim is to identify people with potentially problematic debts at an early stage. Companies such as banks, health and other insurers, telecom businesses, energy companies and housing corporations can identify actual or imminent payment arrears.

We strive for an excellent digital customer journey. But at the same time we realise that not everyone can or wants to deal with their bank matters digitally. That is why, for example, we have set up an Onboarding Desk, a team of specialised call agents, who help new customers through the onboarding process in a personal way. This is how we ensure that every customer feels welcome and included.

Additionally, we will continue to work on our role in society through NN Group's global Community Investment Programme, which aims to support the financial, physical and/or mental well-being of 1 million people by 2025.

### **Governance**

To achieve our sustainability ambitions, we must have an organisational structure that ensures our sustainability strategy is sufficiently embedded. In 2022, NN Bank has set up an Environmental, Social and Governance (ESG) Office that provides ESG knowledge, programme management and monitoring of NN Bank's ESG strategy. The Bank's CEO is accountable for ESG matters. The Management Team is responsible for strategic direction and implementing the ESG strategy. The Supervisory Board performs structural oversight of ESG issues on the Board level.





## Climate and environmental risks

NN Bank formulated an ESG roadmap that outlines NN Bank's contribution to mitigating climate change and environmental risks, aligned with supervisory guidelines and regulatory requirements. The roadmap addresses the entire Bank, including risk management. Our primary risk management areas comprise the Risk Control Cycle, Risk Strategy, Risk Appetite and NN Bank Policies.

Climate change and emerging environmental developments pose risks to NN Bank's products, customers and operations. They require the ability to adequately adapt to new circumstances, as well as market and regulatory expectations. This means considering the increasing risks of, for example, flooding and drought, but also the increasing risk that NN Bank could become (in)directly linked to violations of environmental standards through investments, business partners, products or customers. Another risk lies within the rapidly changing environment (e.g., with regards to policies) and can occur if new external developments are missed and/ or the interconnectedness of climate and environmental themes are misunderstood.

## Risk profile

NN Bank aims for prudent ESG risk management by fully embedding it into its risk management frameworks. As part of scenario analysis and climate stress testing, NN Bank has undertaken stress tests to cover climate risk from both physical- and transition-risk perspectives. In both cases, NN Bank's capital adequacy was well above the minimum regulatory requirements. In addition, NN Bank assessed foundation damage on a qualitative basis due to pole rot, and analysed flood risk for its entire NN Bank-originated mortgage portfolio.

Next to that, in order to understand the material risks for NN Bank, we have undertaken our first climate risk materiality assessment (qualitative) earlier this year, through which we aim to identify our most relevant climate risks. Further steps in terms of quantification of these risks will be taken in the coming period.

## 2.2 Carbon footprint measurement

High-quality, standardised data is essential to ensuring consistent carbon footprint reporting on our assets, allowing us to gain additional insight into our mortgage portfolio to help steer it towards decarbonisation. Together with other financial institutions within PCAF, we developed a modelling approach to calculate the carbon footprint of NN Bank's mortgage portfolio. The model covers the absolute scope 1 and scope 2 emissions related to the energy use of the property financed through the mortgage. Construction emissions are not taken into account, notably building's embodied GHG emissions.

In our 2022 carbon footprint analysis, we included the gross mortgage portfolio originated and/or serviced by NN Bank, as represented on the NN Bank balance sheet. This amounted to approximately 100,000 homes, with a total value of EUR 21.7 billion. We account for the scope 1 and 2 emissions of each house (i.e., the natural gas used to heat the house + the electricity purchased by the occupant of the house = the energy consumed by the building occupant). In 2022, we updated our carbon footprint methodology and data sources. We measure the carbon footprint of every house based on energy label, floor space, building type and corresponding emission factor. Our previous methodology was based on estimated building energy consumption per energy label and average emissions factors specific to the respective energy source.

The new methodology has been aligned with participants in the PCAF NL Mortgages working group, which worked on instructions and principles for consistent carbon measurement. These instructions and principles draw on data from public data sources. The new method, combined with better data availability, achieves a PCAF data quality score 3 (scale from 1 to 5, with 1 being the highest quality) whereas the previous method had a quality score of 5. By improving the monitoring of household CO<sub>2</sub> emissions, we bring the results closer to the actual emitted emissions. The energy label remains an important data input for the methodology. Compared to 2019, when we first gathered this information, the share of label A in our portfolio has increased

from 21% to 24% at the end of 2022<sup>1</sup>. Together with other financial institutions we are making steps ahead to further improve the methodology, for instance in relation to consumption data.

The NN Group Climate Action Plan also includes a section on Banking<sup>2</sup>, addressing target setting for mortgages building on initiatives such as the Carbon Risk Real Estate Monitor (CRREM), Science Based Target initiative (SBTi) and the 1.5°C Paris Agreement target. Greening the electricity grid is an important decarbonisation contributor in the residential housing market, according to the CRREM. In the current Dutch Climate Agreement, the government aims to accelerate the availability of renewable energy, with a target of a 70% renewable share by 2030. The speed of the mortgage portfolio decarbonization depends, amongst others, on the success of the Dutch government in achieving their goals of greening the electricity grid as well as the implementation of the EPBD with respect to refurbishment.

To achieve the Paris Agreement's goals, we believe that greater collaboration across the entire value chain is essential. All parties, including insulation material suppliers, distributors, installers, government, sustainability advisors, financial intermediaries, and financial institutions, will have to contribute to achieving these goals.

### 3. Rationale for issuing Green Finance Instruments

In order to address environmental and sustainability challenges where NN Bank can drive positive change, NN Bank has established a Green Bond Framework for issuing Green Finance Instruments. The Framework was first published in June 2021 and since then, Green Bonds have become a significant component of our funding mix and a key tool to further foster the relationship with our investor base, which is increasingly focused on mitigating ESG risks and achieving positive impact.

NN Bank recognises the effectiveness of Green Finance Instruments in channelling financing towards projects with clear environmental or climate benefits contributing to the achievement of EU environmental targets and UN Sustainable Development Goals (SDGs). By issuing Green Finance Instruments, NN Bank aims to align its funding strategy with its mission, (sustainability) strategy and objectives. NN Bank has a track record of activities of supporting clients' efforts to avoid and reduce greenhouse gas emissions in the real estate sector.

To reinforce its sustainability ambitions, NN Bank has decided to update its Framework. This new Framework supersedes the previous one and will be applied to any green instrument issued by NN Bank from the date of establishment of this version of the Green Bond Framework. The Framework will be regularly revised to adequately reflect regulatory developments as well as new requirements and findings in the ESG capital market.

---

<sup>1</sup> Additional details on our carbon footprint are available in the NN Bank annual reports on our website. [See here.](#)

<sup>2</sup> [NN Group Climate Action Plan 2023 Update](#)

#### 4. Structure and applicability of this Green Bond Framework

This Framework is structured in accordance with the following principles and standards:

- The ICMA Green Bond Principles (GBP)<sup>3</sup>, a set of voluntary guidelines for green bond issuers that clarify the approach for issuing a green bond and which represent the cornerstone of the green bond market; and
- The LMA Green Loan Principles (GLP)<sup>4</sup>, a set of voluntary guidelines for green loan issuers that clarify the approach for issuing a green loan.

The Green Bond Framework is structured following the ICMA and LMA components:

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

These five core components will be applied to any Green Finance Instrument issued by NN Bank, subject to and in accordance with this Green Bond Framework, as amended from time to time. Under this Framework, NN Bank may issue Green Finance Instruments in various structures, such as Loans, Senior Unsecured Bonds, Subordinated Bonds, Covered Bonds and Securitised Bonds. Green Bonds investors rank pari-passu with investors in other notes of NN Bank with the same ranking.

#### 5. Use of Proceeds

An amount equal to the net proceeds of Green Finance Instruments issued under this Green Bond Framework will be allocated to finance and/or refinance, in whole or in part, an eligible green loan portfolio ("Eligible Green Loan Portfolio") of new and existing mortgages for energy efficient residential buildings in the Netherlands (Residential Green Buildings), in accordance with the Eligibility Criteria outlined below.

In drafting this Green Bond Framework and defining the Eligibility Criteria, NN Bank considered the Green Bond Principles, Green Loan Principles as well as the EU Taxonomy Regulation<sup>5</sup>. NN Bank's ambition is to align this Green Bond Framework for green use of proceeds categories with the requirements of the EU Taxonomy Regulation for the climate change mitigation objective, including the requirements of the Do No Significant Harm (DNSH) assessment and minimum (social) safeguards.




NN Bank's Green Bond Framework advances SDG 7 (Affordable and Clean Energy) and SDG 11 (Sustainable Cities and Communities) through its focus on promoting energy efficient residential buildings within the Dutch housing stock. It also advances SDG 13 (Take Urgent Action to Combat Climate Change and its Impacts) through its contribution to NN Group's obligations as a signatory to the financial sector commitment to the Dutch Climate Agreement, which seeks to reduce greenhouse gas emissions in the Netherlands by 55% by 2030 compared to 1990 levels and to achieve a 95% reduction by 2050.

---

<sup>3</sup> The latest version of the [ICMA Green Bond Principles \(GBP\)](#) as of the publication date of this Green Bond Framework is GBP 2021, with 2022 Appendix. In June 2022, Appendix 1 of the GBP was updated to make a distinction between "Standard Green Use of Proceeds Bonds" (unsecured debt obligation) and "Secured Green Bonds" and to provide further guidance on Green Covered Bonds, securitisations, asset-backed commercial paper, secured notes and other secured structures. Additional Q&As related to Secured Green Bonds, updated in June 2023, complement Appendix 1

<sup>4</sup> [LMA Green Loan Principles 2023](#)

<sup>5</sup> Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending regulation (EU) 2019/2088. [See here](#).

ICMA GBP category	Eligibility Criteria	UN SDGs	EU Taxonomy <sup>5</sup>
Green Buildings	Financing or refinancing of new or existing residential buildings in the Netherlands: <ul style="list-style-type: none"> <li>• Buildings built before 31 December 2020 with at least an Energy Performance Certificate (EPC) class A</li> <li>• Buildings built before 31 December 2020 belonging to the top 15% of the Dutch building stock based on Primary Energy Demand (PED)<sup>6</sup></li> <li>• Buildings built after 31 December 2020 with a Primary Energy Demand at least 10% lower than the threshold for Nearly Zero-Energy Buildings (“NZEB”) in the Dutch market</li> </ul>	  	<b>Substantial contribution to Climate Change Mitigation Art. 10 (1.b)<sup>7</sup>:</b>  7.1.1 Construction of new buildings <sup>8</sup>  7.7 Acquisition and ownership of buildings
	<ul style="list-style-type: none"> <li>• Buildings that have been renovated, resulting in a reduction of Primary Energy Demand of at least 30%</li> <li>• Buildings that have been renovated meeting the criteria for major renovation<sup>9</sup></li> </ul>		7.2 Renovation of existing buildings

<sup>6</sup> NN Bank may engage external consultants to define the top 15% and NZEB-10% in the context of the Dutch building stock where the eligible green building assets are located.

<sup>7</sup> Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives. [See here.](#)

<sup>8</sup> EU taxonomy criteria 7.1.2 (Testing for airtightness and thermal integrity, the “blower door test” and “infrared camera inspections), and 7.1.3. (Global warming potential (GWP) calculations: the CO2 footprint of the building, including the materials used in construction, during the entire life cycle of the building (embodied carbon) are not applied. We assume these are carried out under the Dutch building code by construction companies, and borrowers cannot provide such data to the bank.

<sup>9</sup> As set in the applicable national and regional building regulations for ‘major renovation’ implementing Directive 2010/31/EU. The energy performance of the building or the renovated part that is upgraded meets cost-optimal minimum energy performance requirements in accordance with the respective directive. These renovations will often result in an EPC A label and then they are included in the portfolio as part of that activity.

## 6. Process for Project Evaluation and Selection

The Management Board of NN Bank is responsible for future updates to this Green Bond Framework, including expansions to the list of Eligible Categories and new market developments on a best effort basis, and oversees its implementation. The Treasury team is responsible for:

- Reviewing the content of this Green Bond Framework from time to time and updating it to reflect changes in corporate strategy, technology, market, or regulatory developments including EU Regulation related to green bonds (such as the implementation of the EU Taxonomy, the EU Taxonomy Climate Delegated Act<sup>7</sup> and the EU Green Bond Standard<sup>10</sup>);
- Defining and evaluating the Eligibility Criteria for the Eligible Green Loan Portfolio. Assets financed and refinanced via green bond proceeds are evaluated against the Eligibility Criteria described above. The definition of the Eligibility Criteria takes into account the EU Taxonomy Regulation and the EU Taxonomy Climate Delegated Act with the intention to apply them on a best efforts basis as long as there are feasible practical applications in the geographies where NN Bank's assets are located (in terms of local regulation). When identifying Eligible Green Loans to eligible projects and their non-financial impacts NN Bank may rely on external consultants and their data sources. Assets are evaluated against the DNSH and MSS criteria at portfolio level;
- Reviewing the need for updating external verifications such as the Second Party Opinion (SPO) and related documents from external consultants and accountants if relevant. This may include an EU taxonomy alignment assessment;
- Overseeing the allocation of green bond proceeds to the Eligible Green Loan Portfolio and monitoring its development ensuring that the size of the Eligible Green Loan Portfolio is equal to or greater than the amount of green bonds outstanding;
- Monitoring internal processes to identify known material risks of negative social and/or environmental impacts associated with the Eligible Green Project Portfolio and implementing appropriate mitigation measures where possible;
- Facilitating and overseeing the post-issuance reporting (both allocation and impact reporting) on a timely basis; and
- The NN Bank Treasury team will draw on relevant expertise from other departments and subject matter experts within NN Bank as necessary.

The Non-Financial Accounting Committee is responsible for:

- Reviewing and approving the Eligible Green Portfolio on at least an annual basis.

The Disclosure Committee is responsible for:

- Reviewing and approving all disclosures in relation to the Green Bond Framework (including post-issuance reporting) and ensuring that all disclosures made by NN Bank are accurate, complete, appropriate and fairly present the Bank's condition;

### ESG Risk management

NN Bank will ensure that all selected Eligible Green Loans comply with official national and international standards and local laws and regulations on a best effort basis. It is part of the transaction approval process of NN Bank to ensure that all activities comply with internal environmental and social standards. Where

---

<sup>10</sup> Regulation (EU) 2023/2631 of the European Parliament and of the Council of 22 November 2023 on European Green Bonds and optional disclosures for bonds marketed as environmentally sustainable and for sustainability-linked bonds. [See here.](#)

applicable, NN Bank and its parent company NN Group base their policies and standards on international norms and recognised initiatives. As a 100% subsidiary of NN Group, the Group's policies are directly applicable to NN Bank. The following ESG policies apply to NN Bank:

- NN Group Human Rights Statement;
- NN Group Environmental Statement;
- NN Group Responsible Investment Framework Policy; and
- NN Bank Climate and Environmental Risk Policy.

## 7. Management of Proceeds

The proceeds of Green Finance Instruments will be managed by NN Bank using a portfolio approach. NN Bank will allocate the net proceeds to an Eligible Green Loan Portfolio, selected in accordance with the use of proceeds criteria and evaluation and selection process outlined above. NN Bank's Treasury department is responsible for the allocation, management and tracking of net proceeds.

NN Bank will strive, over time, to achieve a level of allocation for the Eligible Green Loan Portfolio that, after adjustments for intervening circumstances, matches or exceeds the balance of net proceeds from its outstanding Green Finance Instruments. Additional Eligible Green Loans will be added to the Issuer's Eligible Green Loan Portfolio to the extent required to ensure that the net proceeds from outstanding Green Finance Instruments are allocated to Eligible Green Loans. NN Bank aims to achieve full allocation for all Green Bonds within 36 months of the issuance date.

Pending the full allocation of the net proceeds to the Eligible Green Loan Portfolio, NN Bank will hold and/or invest an amount equal to the balance of net proceeds not yet allocated in its treasury liquidity portfolio. Unallocated net proceeds can be held in cash, other short-term and liquid instruments or the fund can be used to pay back a portion of its outstanding indebtedness, at NN Bank's own discretion. Unallocated net proceeds will not be used to refinance debt associated with carbon intensive activities.

## 8. Reporting

The Green Bond Principles require NN Bank to provide information on the allocation of proceeds. In addition to information related to the projects to which green bond proceeds have been allocated, the ICMA Green Bond Principles and LMA Green Loan Principles recommend communicating the expected environmental impact of the projects. The reporting basis for all NN Bank Green Finance Instruments is the Eligible Green Loan Portfolio and aggregated reporting will be prepared for all of NN Bank's Green Finance Instruments.

NN Bank will make and keep readily available reporting on the allocation of net proceeds to the Eligible Green Loan Portfolio to be published annually, at least until full allocation.

Impact reporting information will be presented in accordance with the ICMA Handbook template for Impact Reporting in accordance with the portfolio approach<sup>11</sup>. NN Bank intends to align the reporting with the most up to date methodology proposed by PCAF at the time of reporting.

Both the allocation report and the impact report will be made available on NN Bank's website<sup>12</sup>.

### **Allocation Reporting**

Within its allocation report NN Bank will provide:

- The size of the identified Eligible Loan Portfolio

<sup>11</sup> [ICMA Handbook: Harmonised Framework for Impact Reporting \(June 2023\)](#)

<sup>12</sup> [NN Bank Green Bonds Website](#)

- The total amount of proceeds allocated to Eligible Green Loans
- The number of Eligible Green Loans
- The balance of unallocated proceeds
- The amount or the percentage of new financing and refinancing
- The geographical distribution of the assets (at country level)
- EU taxonomy alignment percentage (where feasible)

### **Impact Reporting**

Where feasible, NN Bank will report on the environmental impacts of the Eligible Green Loan Portfolio funded with the Green Finance Instrument proceeds. NN Bank impact reporting may provide:

- A description of the Eligible Green Loans
- The breakdown of Eligible Green Loans by nature of what is being financed (Financial assets)
- Metrics regarding the Eligible Green Loan Portfolio ' environmental impacts as described below:
  - Estimated energy consumption in KWh/m<sup>2</sup>/y
  - Estimated annual reduced and/or avoided emissions in tons of CO<sub>2</sub> equivalent

## **9. External review**

### **Second Party Opinion**

This Green Bond Framework has been reviewed by Sustainalytics which has issued a Second Party Opinion. The Second Party Opinion as well as the Green Bond Framework will be made available to investors and can be found on NN Bank's website<sup>12</sup>. A section of the SPO is dedicated to assessing this Green Bond Framework's level of alignment with the EU Taxonomy Climate Delegated Act.

### **Post Issuance Verification**

NN Bank will request, annually and until full allocation, an assurance report on the allocation of Green Finance Instruments proceeds to the Eligible Green Loan Portfolio, provided by its external auditor or another qualified party. Such external review will be made available to investors on NN Bank's website<sup>12</sup>.

## DISCLAIMER

This Framework is intended to provide non-exhaustive, general information. This Framework may contain or incorporate by reference public information not separately reviewed, approved or endorsed by NN Bank and accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by NN Bank as to the fairness, accuracy, reasonableness or completeness of such information.

This Framework may contain statements about future events and expectations that are forward looking statements. None of the future projections, expectations, estimates or prospects in this Framework should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of the assumptions, fully stated in the Framework.

This Framework represents current NN Bank policy and intent, is subject to change and is not intended to, nor can it be relied on, to create legal relations, rights or obligations. NN Bank has and undertakes no obligation to update, modify or amend this Framework, the statements contained herein to reflect actual changes in assumptions or changes in factors affecting these statements or to otherwise notify any addressee if any information, opinion, projection, forecast or estimate set forth herein changes or subsequently becomes inaccurate.

This Framework is not intended to be and should not be construed as providing legal or financial advice. It does not constitute an offer or invitation to sell or any solicitation of any offer to subscribe for or purchase or a recommendation regarding any securities, nothing contained herein shall form the basis of any contract or commitment whatsoever and it has not been approved by any security regulatory authority.

Any decision to purchase or otherwise to invest in any green finance instruments should be made solely on the basis of the information to be contained in any offering document provided in connection with the offering of such green finance instruments. Prospective investors are required to make their own independent investment decisions.

No representation is made as to the suitability of any green finance instruments to fulfil environmental and sustainability criteria required by prospective investors. Each potential purchaser of green finance instruments should determine for itself the relevance of the information contained or referred to in this Framework or the relevant green finance instruments documentation for such green finance instruments regarding the use of proceeds and its purchase of green finance instruments be based upon such investigation as it deems necessary.

NN Bank has set out its intended policy and actions in this Framework in respect of use of proceeds, project evaluation and selection, management of proceeds and reporting, in connection with the NN Bank green finance instruments. However, it will not be an event of default or breach of contractual obligations under the terms and conditions of any such green finance instruments if NN Bank fails to adhere to this Framework, whether by failing to fund or complete eligible assets or by failing to ensure that proceeds do not contribute directly or indirectly to the financing of the excluded activities as specified in this Framework, or by failing (due to a lack of reliable information and/or data or otherwise) to provide investors with reports on uses of proceeds and environmental impacts as anticipated by this Framework, or otherwise. In addition, it should be noted that all of the expected benefits of the eligible assets as described in this Framework may not be achieved. Factors including (but not limited to) market, political and economic conditions, changes in government policy (whether with a continuity of the government or on a change in the composition of the government), changes in laws, rules or regulations, the lack of available eligible assets being initiated, failure to complete or implement projects and other challenges, could limit the ability to achieve some or all of the expected benefits of these initiatives, including the funding and completion of eligible assets. Each environmentally focused potential investor should be aware that eligible assets may not deliver the expected benefits as anticipated and may result in adverse impacts.



NN Bank's exposure to ESG risks and related management arrangements established to mitigate those risks has been assessed by several ratings agencies through environmental, social and governance ratings and/or scores ("ESG Ratings"). ESG Ratings may vary amongst ESG Ratings agencies as the methodologies used to determine ESG Ratings may differ. NN Bank's ESG Ratings are not necessarily indicative of its current or future operating or financial performance, or any future ability to service green finance instruments and are only current as of the dates on which they were initially issued. Prospective investors must determine for themselves the relevance of any such ESG Ratings information in making an investment decision. Furthermore, ESG Ratings shall not be deemed to be a recommendation by NN Bank or any other person to buy, sell or hold green finance instruments. Currently, the providers of such ESG Ratings are not subject to any regulatory or other similar oversight in respect of their determination and award of ESG Ratings. For more information regarding the evaluation methodologies used to determine ESG Ratings, please refer to the relevant ratings agency's website (which website does not form part of, nor is incorporated by reference in, this Framework).

This Framework has been reviewed by Sustainalytics, which has issued a second party opinion (SPO), dated February 1, 2024. NN Bank has compensated or will compensate Sustainalytics for their engagement. The SPO is only an opinion and not a statement of fact. The SPO does not form part of, nor is incorporated by reference in, this Framework. Prospective investors must determine for themselves the relevance of the SPO in making an investment decision.

The distribution of this Framework and of the information it contains may be subject of legal restrictions in some countries. Persons who might come into possession of it must inquire as to the existence of such restrictions and comply with them.

Unless as expressly indicated otherwise herein, the information in this Framework has not been independently verified.

The addressee is solely liable for any use of the information contained herein and NN Bank shall not be held responsible for any damages, direct, indirect or otherwise, arising from the use of this Framework by the addressee.