

ESG transition plan

2024





TABLE OF CONTENTS

1	Foreword	3
2	Introduction	5
3	NWB Bank in a nutshell	8
3.1	Strategy	9
3.2	Vision quadrant	11
3.3	ESG opportunities and risks	11
3.4	Systemic view	13
3.5	Our governance	14
4	Four-step approach	15
4.1	Step 1 Measuring	16
4.2	Step 2 Targets and threshold values	18
4.3	Step 3 Action	20
4.4	Step 4 Reporting	23
5	Our approach by sector	24
5.1	Water authorities	25
5.2	Housing associations	28
5.3	Drinking water companies	31
5.4	Municipalities	34
5.5	Healthcare institutions	37
5.6	Renewable energy	39
6	Outlook	40
	Annex	41
	Credits and contact	42

1 FOREWORD



Lidwin van Velden
Chair of the
Managing Board/
CEO


As a society, we face a number of significant challenges, of which sustainability is a key priority. While the world may seem increasingly divided, tackling sustainability challenges actually requires strong cooperation. Consider the impact of climate change on water management, making homes more sustainable, building new energy networks, water quality and availability, or preserving biodiversity. Our commitment to sustainability is widely shared within our organisation. We are keenly aware not only of the risks but also of the opportunities in terms of environmental, social and governance (ESG) factors, as this is central to the core business of our bank.

NWB Bank was established by the water authorities in 1954 to facilitate vital investments in water management. As the sustainable water bank, we have been contributing to society's challenges in the areas of climate adaptation, mitigation and biodiversity for 70 years. But we do not only finance the water sector, we are also one of the major financiers of social housing in our country and we recognise that sustainability can only be successful if it is also social and inclusive. As a bank of and for the public sector, we want to play an active role in these societal challenges and contribute to a sustainable and inclusive future. This is also important to mitigate the potential negative impact of ESG factors on our own operations and performance. By setting clear ESG objectives and action plans, we not only set the direction for our own organisation, but also aim to work with our clients.

By far our greatest impact on sustainability is through our lending and investment activities. That is why we are highlighting this in this ESG transition plan. We want to work actively with our clients, also involving their umbrella organisations. Together we will look for solutions and set targets to accelerate the transition. We recognise that our plans are ambitious and have a distant horizon, which involves uncertainty. Nevertheless, we believe it is important to have concrete goals and action plans to move in the right direction together. This means that we will have to learn along the way and adjust our plans based on the experience and knowledge we gather. We will share our lessons with others and remain transparent about progress and necessary adjustments.

Integrated approach

We believe that the transition to a sustainable society requires an integrated approach. That is why we have not created a separate ESG department within our bank but have consciously embedded ESG into our



primary processes and made it part of the whole organisation. In addition, our client groups are interconnected. They influence and can be inspired by each other. For example, water authorities protect housing associations' properties from flood risks. And housing associations can work with local authorities to provide more green space, making neighbourhoods more resilient to the effects of climate change such as heat stress. In addition, more green space helps with water retention, drainage and water quality, which in turn helps water authorities and drinking water companies.

Transparency

It is also important that we are transparent about our impact towards our international investors. They reward us with lower interest rates, an advantage we pass on to our clients so that their sustainability enhancing investments remain or will become affordable. As such we contribute to a sustainable and inclusive future together with our clients.

Lidwin van Velden
CEO NWB Bank

2 INTRODUCTION

In 2019, along with almost the entire financial sector, we committed to the government's climate goals, pledging to help implement the Paris Climate Agreement and limit global warming to no more than 2 degrees and preferably 1.5 degrees Celsius. As part of our commitment to a more sustainable future, in 2020 we also signed the Finance for Biodiversity Pledge, an initiative by financial institutions to support biodiversity and combat nature loss. In 2024, we also entered into agreements with the government and other banks to move towards a circular economy and signed the Green Deal on Sustainable Healthcare.

Transition plan

To reinforce our climate ambitions, we were the first Dutch bank to publish a climate action plan in 2022. This included targets and actions to reduce CO₂e emissions¹ from our loan portfolio and our own operations. As sustainability is about more than climate mitigation, we want to expand this climate action plan and from now on will work with an ESG transition plan that covers also other environmental, social and governance aspects. We will do this step by step. In addition to climate mitigation, and previously climate adaptation, we are also focusing on other nature-related issues, such as biodiversity and water quality. In the future, we will also look at circularity.

This transition plan not only shows the impact we have as a bank on these issues but also provides insight into the risks we face and how we are trying to manage and mitigate them. This is another change from the climate action plan. Our impact and risk management are interrelated and it is important to approach them in an integrated way.

Systemic approach

In this transition plan, we make a conscious choice to address the issues listed above. Climate, biodiversity, water management and circularity are closely interlinked, as are social issues. Sustainability only works if it is socially inclusive, if it is affordable, even for people with modest incomes. At the same time, sustainability is necessary to keep energy and water bills manageable.

¹ We use the term CO₂ equivalent (CO₂e) as a unit of measurement for the effect of different greenhouse gases on the climate. By converting different emissions to equivalent amounts of CO₂, their effects can be compared.

Transparency

The ESG transition plan is part of our bank's broader transparency strategy. Through a range of reports and policies, we provide the best possible insight into our sustainability approach and its progress:

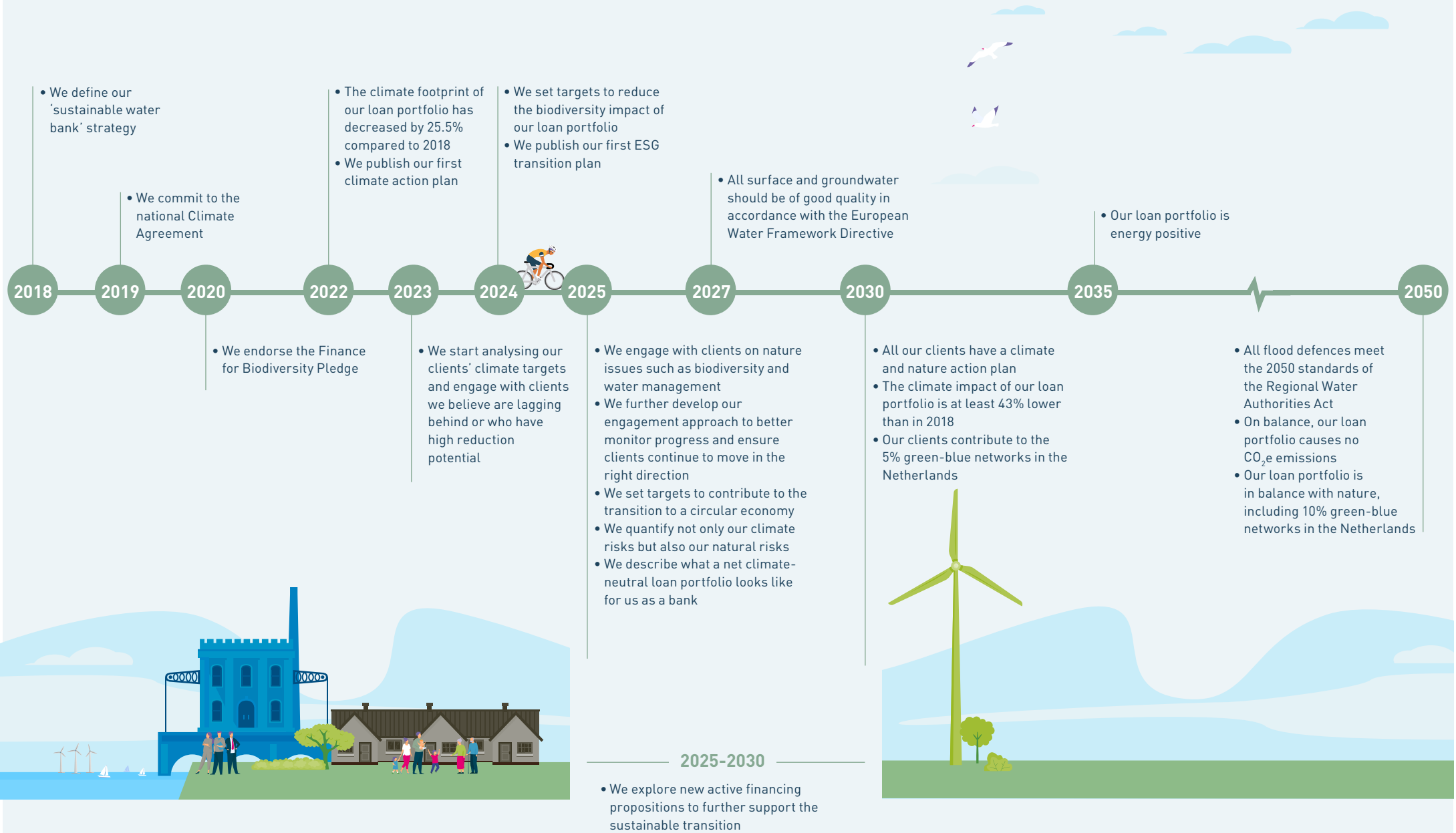
- Our [annual report](#) provides comprehensive coverage of our financial and ESG performance and risks.
- Our bi-annual [Pillar 3 report](#) provides more detail on our capital requirements and ESG risks.
- Our annual [Water Bond](#) and [SDG Housing Bond](#) newsletters report on the impact of the loans underlying these bonds.
- The [ESG Facts & Figures](#) document covers the social and environmental aspects of our own operations, as well as our EU taxonomy report and our reporting on the Equator Principles.
- In the [Greenhouse Gas Emissions Loan Portfolio](#), we report our climate footprint and explain our methodology and the sources we use to calculate the climate impact of our loan portfolio.
- In our [SDG impact loan portfolio](#), we report on our non-climate impact and explain the related methodology on the different Sustainable Development Goals (SDGs) that are important to us.
- Our [sustainability policy](#) describes our policy strategy on ESG aspects for both the internal organisation and our loan and liquidity portfolios.

Reading guide

This transition plan is a further refinement of our sustainability policy. It describes the steps we intend to take to make a positive contribution while mitigating ESG risks for society and for us as a bank. In the next chapter, we explain our overall mission and vision, goals and strategy. We discuss the opportunities and risks arising from ESG factors and our governance. In chapter 3, we discuss our approach. The approach is the same as in the predecessor to this ESG transition plan, the climate action plan: we start by measuring our impacts, then set targets, take action and report transparently on our results. In our climate action plan, we focused on our impacts, and now we explicitly include ESG risks. In chapter 4, we discuss how this works in practice for the main sectors we finance. For each sector we have a different approach when it comes to our ESG impact and risk management. Sectors also differ in terms of the number of clients and how they are organised, which requires a sector-specific approach. Finally, in chapter 5, we further look ahead toward the future.

The implementation of the ESG transition plan is an iterative process that we will refine and improve as we go. This document sets out the actions we have taken to date and our plans for the future. As a bank, we are constantly measuring our impact, identifying new issues and developing financial instruments that we can use to support the transition to a sustainable society. We are also increasing our knowledge and learning from our experience. This will lead to new actions and new versions of this document in the coming years.

TIMELINE ESG TRANSITION PLAN



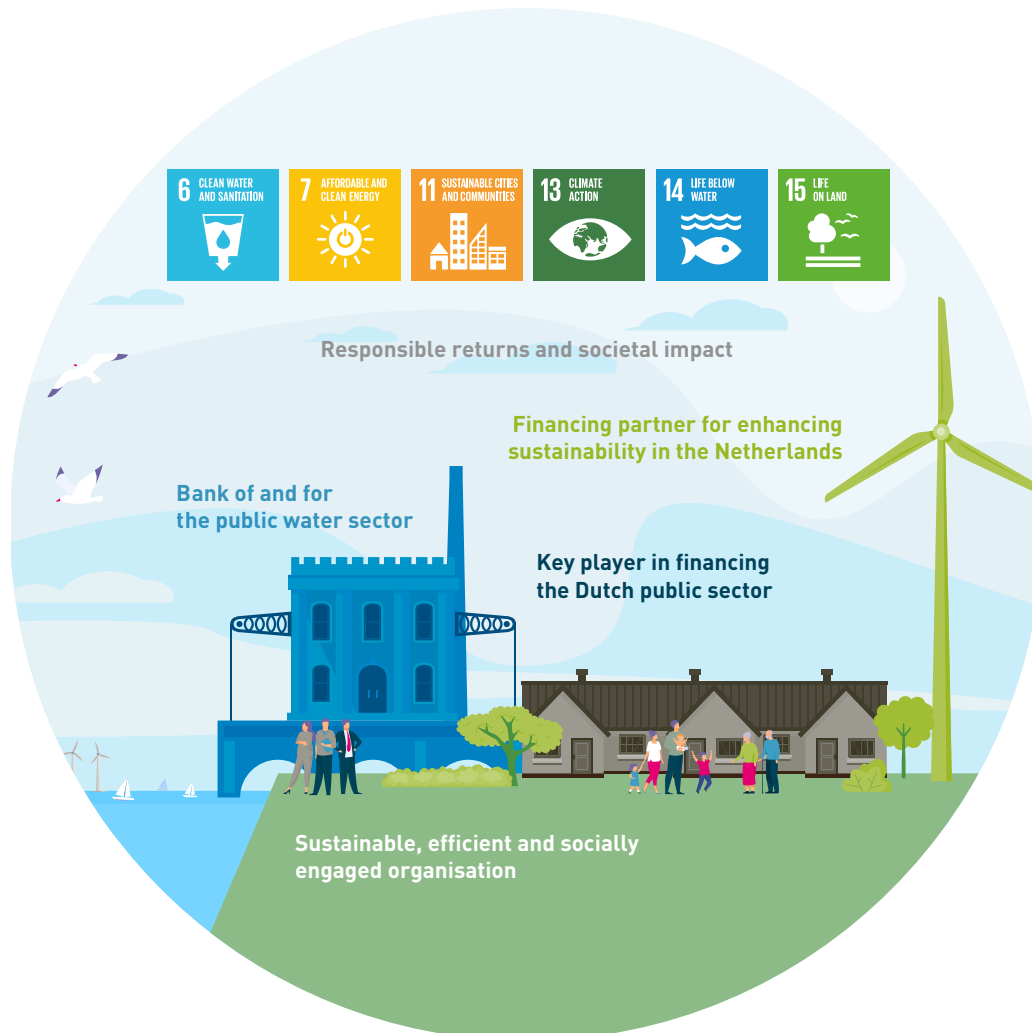
3 NWB BANK IN A NUTSHELL

NWB Bank is a financial services provider by and for the Dutch public sector with a special focus on water and sustainability. We provide loans to, among others, water authorities, housing associations, drinking water companies, municipalities and healthcare institutions, as well as infrastructure and renewable energy projects. The public sector's sustainable investment agenda is central to our mission, vision and strategy. With our strong credit rating, we borrow money at the lowest possible rates to finance our clients and contribute to making the Netherlands more sustainable in an affordable way. The transition to a net zero, nature-inclusive and circular economy requires major investments. This type of long-term financing is ideally suited to our bank.



3.1 Strategy

Our strategy consists of five elements: three pillars, a foundation and the keystone of responsible returns and social impact. This strategy is linked to the six United Nations SDGs that are most relevant to our bank and on which we have the greatest impact. These are listed in the image below, along with the five elements of our strategy.



- **Pillar 1** of our strategy is that we are the bank of and for the public water sector. All shares in our bank are owned by water authorities and the government. By providing appropriate financing at the lowest possible cost, we support water authorities in their flood protection, water management and water quality tasks. These tasks are also important for drinking water companies, which are responsible for the quality and availability of drinking water.
- **Pillar 2** of our strategy is that we are a key player in financing the Dutch public sector. We also finance municipalities, housing associations and healthcare and educational institutions.
- **Pillar 3** is that we are a financing partner for enhancing sustainability in the Netherlands. We finance regional grid operators and the infrastructure needed for the energy transition. And we provide project financing for renewable energy projects, such as solar and wind farms.
- **Our strategy** is based on being an efficient, sustainable and knowledgeable organisation. We operate cost-effectively and are a highly capitalised bank on a risk-weighted basis. Despite the relatively small carbon footprint of our internal organisation, we are also taking steps to make our own operations more sustainable.
- **We aim for responsible returns and social impact.** We do not seek to maximise profit. However, appropriate profit is necessary to achieve our bank's goals.

WHAT IS ESG AND WHY IS IT IMPORTANT?

ESG stands for Environmental, Social and Governance. ESG factors are used to assess the sustainability and social impact of an organisation (from an inside-out perspective) and to analyse the risks associated with it (from an outside-in perspective).

- Environmental factors relate to the environment and the natural surroundings, and include factors such as climate change, biodiversity, water quality, energy consumption and pollution.
- Social factors relate to the well-being, rights and interests of people and communities, and include aspects such as the right to (affordable) housing, (in)equality, health, inclusiveness and labour relations.
- Governance factors focus on how a company is managed and address issues such as ethical behaviour, transparency, accountability, remuneration policies and compliance with laws and regulations.

ESG factors are becoming increasingly important, as companies that perform well on them tend to be better prepared for long-term risks and opportunities, leading to better financial performance. While governance and social factors are not overlooked, the focus of this transition plan is on environmental factors, particularly climate mitigation and biodiversity. Our clients, such as water authorities, municipalities and housing associations, mostly operate within a legal framework with clear mandates, such as climate adaptation in the case of water authorities and affordable social housing for housing associations, and with strict regulation and supervision, which also helps to minimise governance risks.

We have an indirect positive impact on social factors such as energy poverty and housing, mainly through the availability of appropriate financing, which enables our clients to limit their financial risks and keep financing costs low. This indirect positive social impact is at the core of our bank's existence.





3.2 Vision quadrant

Our vision quadrant sets out why we exist, what we stand for and what we excel at. The figure on the left illustrates the four-part vision quadrant.

Our mission is to invest together with our clients in a water-conscious and sustainable society. We want to contribute to long-term environmental and social goals. We offer our clients appropriate and highly favourable financing. In this way, we keep the financing costs of the public sector as low as possible and the sustainability of the Netherlands affordable.

Part of our vision quadrant is what we call an 'audacious goal'. We aim to have a loan portfolio that is energy positive by 2035, on our way to climate neutral by 2050. Energy positive means that the projects we finance generate more renewable energy than is consumed in fossil fuels by our clients.

3.3 ESG opportunities and risks

Our strategy should ensure that we maximise opportunities for responsible returns and social impact. At the same time, we need to manage the risks to which we are exposed as a bank. Seizing opportunities and managing risks go hand in hand. In the context of the strategy of the *sustainable water bank*, in recent years we have focused on identifying sustainability (ESG) opportunities and risks.

Opportunities

Financing renewable energy projects is a good example of an opportunity we saw to contribute to the energy transition in the Netherlands. These projects are characterised by substantial financing needs and long payback periods. They are therefore a good fit for our bank. Another example is our sustainability-linked loans. With this type of loan, we agree on a set of sustainability performance indicators with clients in advance, and they receive a discount on the interest rate if they meet these indicators.

Risks

In addition to the opportunities for us as a bank to support and accelerate the transition to a more sustainable Netherlands, climate change, biodiversity loss and wider socio-economic developments also pose risks to society, to our clients and therefore to us as a bank. Climate and environmental risks can be divided into physical risks and transition risks.

- Physical risks relate to the physical consequences of climate change or environmental degradation and their negative financial impact on the bank. These physical risks can result from sudden events (acute change) such as storms, floods, droughts or other extreme weather conditions. Or they may result from gradual changes (chronic change), such as rising sea levels, increasing water pollution and loss of biodiversity.

- Transition risks relate to the negative financial impact on the bank of the transition to a sustainable society. They are caused by laws and regulations (stricter standards), technological innovations or changes in the market and consumer preferences. For example, water authorities are required by the European Water Framework Directive (WFD) to reduce concentrations of pollutants in surface and groundwater. The transition to a sustainable society can also lead to stranded assets: assets that can no longer be used or are worth much less than before. For example, by 2028 housing associations will have to remove all E, F and G labels from the sector (currently around 250,000) – except for municipal, provincial and national monuments and homes earmarked for demolition – or they will not be allowed to charge rent for these homes.

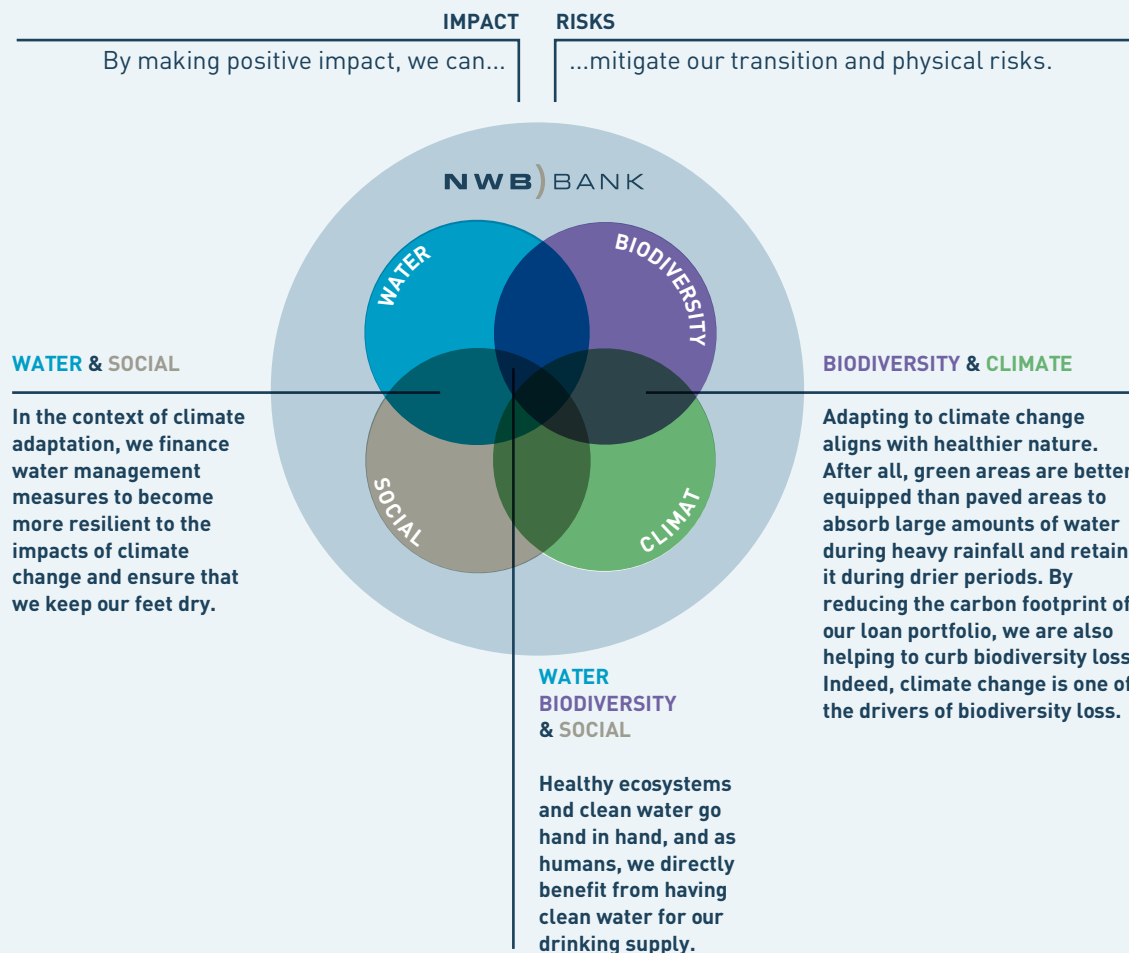
Physical and transitional risks can manifest themselves in different ways within a bank and affect its traditional risk categories, including strategic, operational, credit and interest rate risks. Strategic risk is the impact of ESG developments on an organisation's strategic decisions and business model. Credit risk arises when the creditworthiness of our clients deteriorates. From an ESG perspective, operational (legal) and reputational risks arise when, for example, human rights, climate or environmental abuses occur in the financing chain and impact our bank. Finally, interest rate risks arise when investor confidence in the (sustainability) strategy of the Netherlands and/or our bank declines, which can make raising money more difficult and expensive.

3.4 Systemic view

At NWB Bank, we take a systemic view to better understand the complex nature and interconnectedness of ESG opportunities and risks. Climate change, water management and biodiversity are closely linked. By reducing the climate footprint of our loan portfolio, financing renewable energy projects and making social housing more sustainable, we contribute to climate mitigation to limit the extent and speed of global

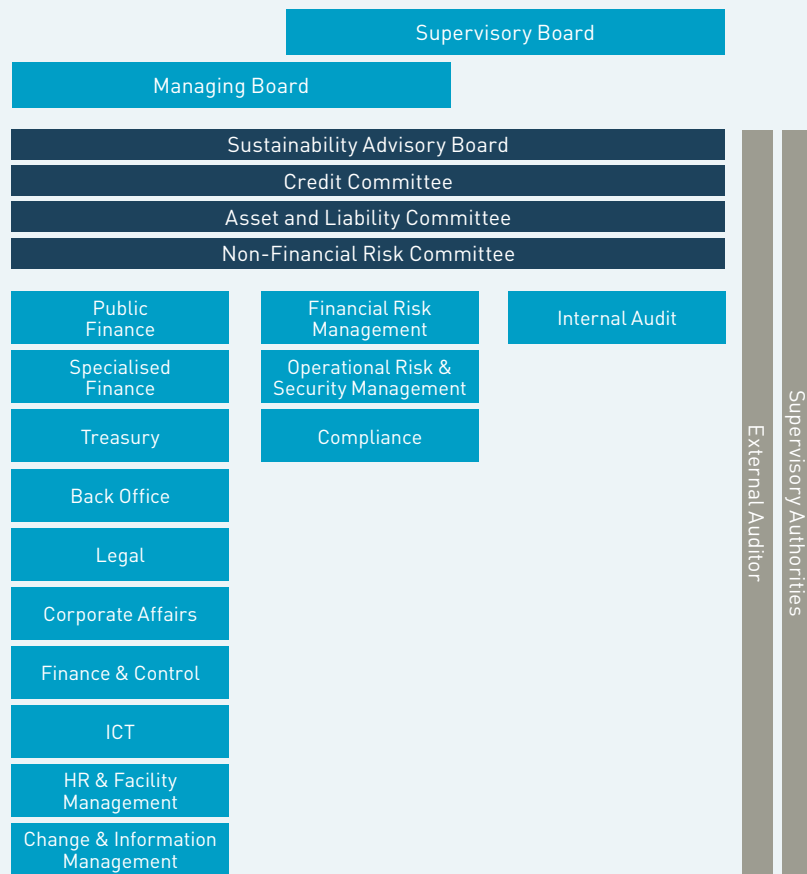
warming. As part of climate adaptation, we also finance water management measures to better prepare for the effects of climate change. Financing these measures is part of our core business, as NWB Bank was originally set up by water authorities to finance their activities. They provide flood protection, pump excess water and try to store water for dry periods. By financing water management techniques and infrastructure, we help to reduce flood and drought risks. At the same time, this reduces the climate risks of our other client groups and thus our loan portfolio.

Integrated approach towards sustainability



Climate adaptation goes hand in hand with a healthier environment. After all, green spaces are better able to absorb large amounts of water during heavy rainfall and retain it during drier periods. Municipalities are therefore paying more attention to green spaces, and housing associations can use smart design of gardens and green spaces to ensure that they are not immediately flooded after heavy rainfall and to limit heat stress. Conserving and restoring biodiversity is also a core responsibility of water authorities. The measures they take to improve water quality have a positive impact on biodiversity. A healthy ecosystem is essential for clean water and vice versa.

We are also aware of the link between sustainability and social issues. For example, in the short term, making social housing more sustainable can actually conflict with affordability; we try to guard against that. But in the longer term, it can certainly prevent energy poverty for many tenants. By taking this systemic view and approach, we can effectively manage ESG risks and, as a bank, contribute to a sustainable future.



3.5 Our governance

Good internal governance is key to achieving our sustainability goals. That is why we have explicitly embedded sustainability down the line, meaning that all departments and board members are responsible for the sustainability issues that are relevant to them. Within our bank, the first line, which includes Public Finance, Specialised Finance and Treasury, is responsible for managing our ESG opportunities and risks through analysis, product development and client engagement. In addition, Finance & Control is responsible for measuring our ESG impact and, together with Corporate Affairs, for reporting on this. Corporate Affairs is also responsible for the bank-wide strategy process, of which sustainability is an integral part. The second line, consisting of Financial Risk Management, Operational Risk Management and Compliance, is responsible for monitoring and setting frameworks and policies for ESG risks and compliance with laws and regulations. The third line is Internal Audit. This department provides an independent view of our internal processes, including those related to sustainability.

Although there is no specific department or person responsible for sustainability within our bank, it is important that sustainability developments are monitored centrally. The knowledge about and experience with sustainability and ESG risk management in the organisation also need to be safeguarded. We have a Sustainability Advisory Board to discuss strategic sustainability issues. It advises the Managing Board. Specific ESG risks are discussed in our Credit Committee, Non-Financial Risk Committee and Asset & Liability Committee.

4 FOUR-STEP APPROACH

As a bank, we want to contribute to an economy that puts as little strain on the environment as possible and therewith serves people. We have written down in action plans how we, together with our clients, will put this into practice in the coming years. Climate change, water and biodiversity are central to this. Depending on the sector, we also focus on social issues. We implement our action plans in four steps. Below, we first describe these steps, and in the next chapter we discuss the action plans for each sector.





4.1 STEP 1 - Measure

To measure our ESG impact and risks, and in line with the European Union's Corporate Sustainability Reporting Directive (CSRD), we conduct an annual double materiality analysis. Topics are being approached from two angles. On the one hand, we look at the (potential) impact we have as a bank on people and the environment (inside-out perspective, also known as impact materiality). On the other hand, we look at the impact of risks and opportunities on the bank itself (outside-in perspective, also known as financial materiality). The materiality analysis is the basis for identifying the ESG issues on which we focus. The double materiality analysis carried out in 2023 is described in our [annual report](#).

Measuring our impact

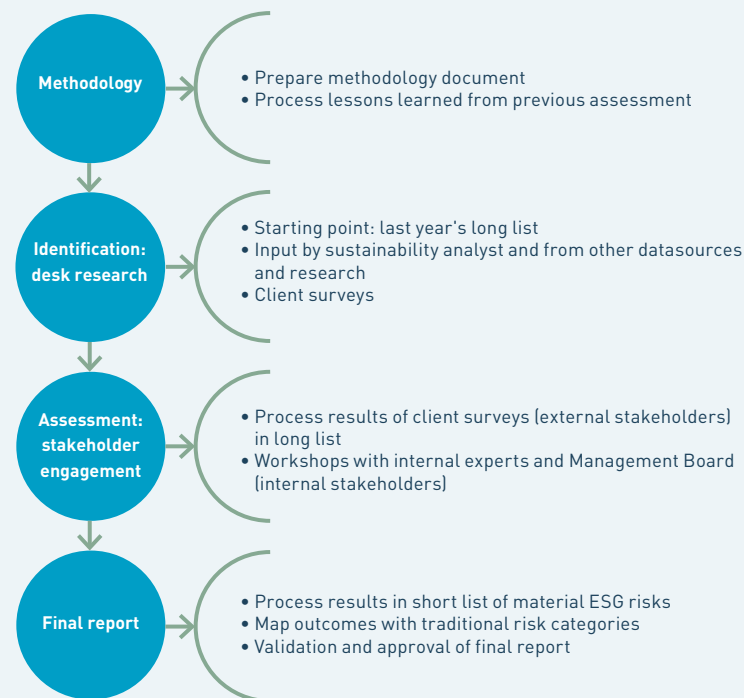
To determine our impact materiality, we analyse the size, scope and recoverability of the effect that our activities have on different ESG topics. We do this using sector reports, analysis from knowledge institutions and insights provided by stakeholders. An example of recoverability is whether waste in the environment can be cleaned up. Scale refers to the size of the impact, while scope indicates how many people or what area is affected. For topics we have identified as material, we put extra effort into collecting data so we can monitor impact even more accurately. We map our SDG impact and climate footprint annually, collecting more and more data on relevant topics and from a growing number of clients. Further analysis of this information shows that our impact is greatest on the issues of climate mitigation, climate adaptation, biodiversity, water and circularity.

Measuring risk

As part of our risk management, we have several processes in place to identify, monitor and manage ESG risks. These processes, some of which are based on legal and regulatory requirements, are set out in policy and

form part of the ESG risk management cycle. This process identifies material ESG risks for our bank. As with our impact assessment, we use insights from our clients and other stakeholders, academic research and other data sources. We identify short, medium and long-term risks, and then assess their impact on the bank's traditional risk categories through transmission channels.

ESG RISK IDENTIFICATION & MATERIALITY ASSESSMENT





STEP 1 - Measure

Further analysis of material ESG risks is conducted through stress testing and scenario analysis. Stress tests assess the potential short-term impact of ESG risks on the bank's funding and lending activities, and whether this would require more capital to be held. Scenario analysis identifies medium and long-term ESG risks and examines what measures we and our clients can take to manage these risks.

Currently, our stress tests and scenario analyses focus mainly on climate risks, but we plan to include natural risks from 2025 onwards. For climate change scenarios, we use scientific evidence from reports by the Intergovernmental Panel on Climate Change (IPCC), the Network for Greening the Financial System (NGFS) and the Royal Netherlands Meteorological Institute (KNMI).

Material ESG risks

The main ESG risks we see as having an impact are listed in the overview below. These risks are divided into short, medium and long-term physical and transition risks.

Lessons learned

Not all of the data we use to manage our sustainability objectives and ESG risks is of the desired quality yet. In addition, some data is not currently available. This is partly because not all of our clients have provided or disclosed data on their CO₂e emissions and other ESG topics yet. Timeliness is an issue sometimes as well, as we make extensive use of publicly available information, for example from Statistics Netherlands. Such bodies process the data they receive from companies, which takes time. Both limited quality and timeliness of the data can hamper our impact and risk management. To address the risks related to data quality and completeness, we have established an ESG data control framework and regularly conduct ESG gap analyses to ensure that we can meet our ambitions and commitments, from risk management to impact measurement and reporting. We have also put more emphasis on sector-level data collection, with several initiatives that we hope to benefit from in the coming years.

IMPACT MATERIAL ESG RISKS

	SHORT TERM (<3 years)	MEDIUM TERM (3-10 years)	LONG TERM (>10 years)
PHYSICAL RISKS	<ul style="list-style-type: none"> Flood hazard Drought Heat stress Extreme weather Quality and availability of drinking water 	<ul style="list-style-type: none"> Drought Biodiversity loss and land use Quality and availability of drinking water 	<ul style="list-style-type: none"> Drought Heat stress Raw material scarcity Biodiversity loss and land use Extreme weather Quality and availability of drinking water
TRANSITION RISKS	<ul style="list-style-type: none"> Energy labels High energy consumption Nitrogen emissions WFD objectives Shortage of (affordable) housing 	<ul style="list-style-type: none"> Energy labels Energy deficit Network availability WFD objectives Energy poverty Shortage of (affordable) housing 	<ul style="list-style-type: none"> Energy transition Access to (affordable) care Labour shortage Working conditions in the (supply) chain



4.2 STEP 2 - Targets and threshold values

In addition to our climate, biodiversity and water targets, in 2025 we will formulate targets related to the transition to a circular economy.

Our climate goal is to have a loan portfolio with zero net CO₂e emissions by 2050. To support this, we want our loan portfolio to be energy positive by 2035; this is our audacious goal. To ensure that our targets are ambitious and in line with the Paris Climate Agreement, we follow the guidelines and criteria of the Science Based Targets initiative (SBTi) wherever possible. Our climate targets have been validated by SBTi, so we can say that they are as science-based as possible. Our targets are set out below.

By 2030, we have the following targets for the three scopes, which have been validated by the Science Based Targets initiative (see box below) compared to the 2018 baseline².

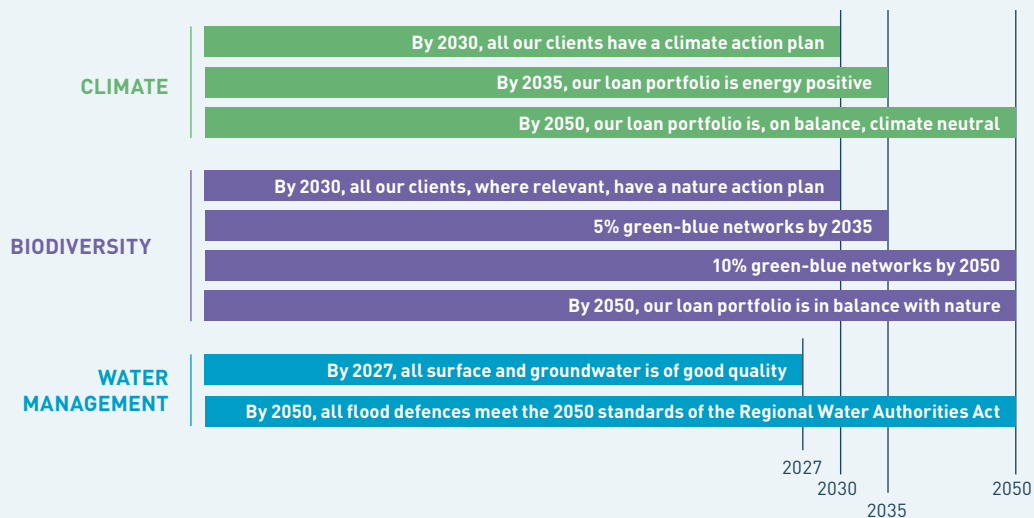
Scope 1 and 2	65.5% reduction in CO ₂ e emissions
	All electricity is purchased from sustainable sources
Scope 3	62.3% reduction in CO ₂ e emissions per square metre of property
	45.6% of our liquidity portfolio meets SBTi targets by 2028
	We commit to continue providing electricity generation project finance for only renewable electricity through 2030

In sectors where it is not possible to set science-based targets, we use other standards or, where possible, agreements made within the sector.

At NWB Bank, we believe it is important that all our clients have reduction targets in line with the Paris Agreement. To promote this, we hold discussions at the sector level with umbrella organisations about sector-wide targets. This gives us a benchmark when we ask individual clients what their targets are and what steps they plan to take to achieve them. If a client's reduction targets are not in line with the Paris Agreement, we will engage with them to develop an appropriate action plan.

² In 2019, we started calculating our climate impact. That first measurement used figures from 2018. We therefore use 2018 as the reference year when calculating our CO₂e reduction.

OUR GOALS





STEP 2 - Targets and threshold values

In addition to these measures aimed at climate mitigation, also water availability and water quality plus measures aimed at climate adaptation and water management are relevant for our targets. We are actively monitoring these topics.

Together with Arcadis, we explored appropriate targets and data sources for monitoring the environmental impact of our loan portfolio in 2023. One of the ambitions that emerged is to halt the loss of nature and biodiversity and work towards restoration by 2030. By 2050, our loan portfolio should be in balance with nature. As part of this, we aim to have 5% so called green-blue networks in areas managed by our clients by 2030 and 10% by 2050. Green-blue networks is the term used to describe the interconnection of natural areas through the use of landscape elements, including hedges, ditches, pools, roadsides, small wooded areas and parks. To preserve and restore biodiversity, it is essential to connect natural areas in order to increase the habitats of plants and animals. In addition, we are asking our clients to develop a specific policy aimed at nature and biodiversity before 2030. This policy will address the objectives, actions – including green-blue networks – and key drivers of nature and biodiversity loss.

THE THREE SCOPES

CO₂ and CO₂e emissions are generally divided into scopes 1, 2 and 3. Scope 1 emissions relate to our own business operations, such as gas consumption for office heating and emissions from our own business transport. Scope 2 includes emissions that we cause indirectly, for example through the purchase of electricity. Scope 3 refers to emissions generated in an organisation's value chain. For us as a bank, this refers in particular to emissions caused by our clients.

Thresholds

To monitor our goals at the bank level, we formulate key performance indicators (KPIs) and associated thresholds for the different client sectors and topics. These are included in our sector approach in the next chapter.

In addition, we determine our risk appetite for material ESG risks by formulating key risk indicators (KRIs). The KRIs enable us to monitor short, medium and long-term risks at the sector level and discuss them with clients where appropriate. For example, if the CO₂e reduction in a sector is lagging behind the target.

At the client level, we prepare credit risk analyses and reviews. We also monitor ESG risks at the individual client level. These ESG risks are taken into account in the overall credit assessment.

Lessons learned

Setting targets is not without its challenges. In many of the sectors we finance, there is no standard or benchmark against which to assess clients on ESG topics. In addition, it is not always clear what responsibility our clients have for a particular issue. In our view, waiting for the right data and standards to become available is not the answer. Our approach so far has focused on setting targets that are as clear as possible and, where possible, aligned with (inter)national standards and laws and regulations. We continue to refine these targets by clarifying where our influence and contribution lies as well as our clients'. We are also committed to working on relevant standards and benchmarks at sector level.



4.3 STEP 3 - Action

Our approach focuses primarily on engagement, i.e. engaging in dialogue with clients. But that is not all we do. We also offer financial products to support our clients' sustainability ambitions and make strategic choices to actively finance certain sectors and exclude others. As a bank, we have four ways of promoting sustainability with our clients to achieve our goals: engagement, positive and negative pricing, active financing and exclusion.

Engagement

We are in constant contact with our clients and industry stakeholders such as umbrella organisations, regulators and guarantors. In preparing this ESG transition plan, we also asked some clients and industry bodies for their insights. We hold one-on-one client meetings to keep abreast of developments and challenges for our clients, and to discuss how we can work together to move the public sector forward. These meetings also allow us to clarify which ESG developments we consider important and what we expect from clients in this regard, such as setting and monitoring targets. Our initial focus is on clients with whom we have a significant share of the funds they raise. We also prioritise clients that are leaders, that lag behind or that otherwise have a high impact on ESG topics.

Engagement helps reduce our risks and increase our positive impact. Typically, we engage with clients who have the greatest impact, but in the future, we may choose to engage more intensively if we feel clients are lagging too far behind. KPIs and KRIs will then drive the transition from normal to deeper engagement. Higher engagement intensity consists of a number of steps. We are currently working out what the follow-up will be if normal engagement proves insufficient.





ACTION ON THE CLIMATE, BIODIVERSITY AND THE CIRCULAR ECONOMY

We are gradually expanding our engagement and expectations of our clients on ESG topics. We are focusing on three topics: the climate, biodiversity and the circular economy.

- In 2022, we set targets to reduce our bank's climate impact and then started discussing them with our clients. Out of a total of around 900 clients, we aimed to hold 30 to 50 individual client discussions per year. Further engagement took place mainly at sector level with industry associations and regulators.
- Our aim is to progressively analyse the climate targets of all our clients between 2023 and 2028 (our target is 150 clients a year). We are checking that they meet four basic principles: a clear definition of climate impact, net carbon neutrality by 2050, the setting of relevant milestones, and adequate monitoring and transparent reporting.
- In 2024, we started setting targets for halting biodiversity loss and talking to our clients about this.
- Between 2025 and 2028, we will progressively analyse the biodiversity and nature targets of clients with significant biodiversity impacts and whether they are in line with the Kunming-Montreal Agreement⁴.
- By 2025, we will also set targets to shape our contribution to the transition to a circular economy.
- By 2030 at the latest, we expect all our clients to have climate change reduction targets in line with the above principles.
- We also expect clients with material impacts on biodiversity to have relevant targets and policies for biodiversity conservation and restoration by 2030 at the latest.

Positive and negative pricing

To help clients become more sustainable, we offer sustainability linked loans. With these loans, we agree sustainability KPIs in advance with the client, and the client receives a discount on the interest rate if these KPIs are met. In this way, we encourage clients to become more sustainable. A key feature of the indicators and targets we use is that they are ambitious and easily verifiable. In addition, ESG factors are an integral part of our risk considerations and are included in our client analyses and reviews. Depending on creditworthiness, ESG factors may also lead to more expensive pricing for clients. Where guarantees are involved, it is important to ensure that the guarantee scheme is prepared for any ESG-related risks. We are discussing this with relevant stakeholders.

Active financing

We are active in financing renewable energy projects and infrastructure critical to the energy transition, such as district heating networks and regional grid operators. As a public sector bank, it is important for NWB Bank that such financing has a clear link to the government. This can take the form of a guarantee, a shareholding or an SDE++ subsidy (Stimulating Sustainable Energy Production and Climate Transition). In 2022, we launched the NWB Water Innovation Fund (WIF), through which we support innovative projects by water authorities that are widely applicable and contribute to making the Netherlands more sustainable. The WIF is a revolving fund with its own board of directors and investment committee, and the fund is separate from the bank. The WIF provides equity or

⁴ At the United Nations Biodiversity Conference (COP 15) in 2022 in Montreal, Canada, it was agreed to address biodiversity loss by, among other things, protecting 30% of the planet and 30% of degraded ecosystems by 2030. These will be developed into national plans. Part of the agreements also include restoration measures for natural areas that are in poor condition.



STEP 3 - Action

subordinated capital in the form of a loan. It is always co-financing: the fund contributes a maximum of 50% of the total risk capital required and at least one third of the total risk capital required is contributed by one or more water authorities. The maximum contribution from the fund is €2 million per application. This type of lending is not within NWB Bank's own risk appetite, so an independent fund has been set up in consultation with the bank's shareholders. In the future, we will continue to look for new financing opportunities to help make the Netherlands more sustainable.

Exclusion

In accordance with our Articles of Association, we only finance activities within the Dutch public domain. In principle, therefore, all our clients serve the public interest and this should imply that they operate in a sustainable manner. However, we would like to emphasise that we exclude activities that are harmful to climate and biodiversity from financing. For the time being, we do not want to break ties with clients who are lagging behind on sustainability. After all, as mentioned above, all our clients serve the public interest, want to become more sustainable, but also need to ensure that the financial burden remains affordable. This sometimes creates a dilemma.

Lessons learned

Our climate action plan included the ambition to analyse the reduction targets of all our clients by 2023. This proved to be more challenging than expected as not all clients publish their reduction targets and these are sometimes difficult to compare or verify. As a result, the analysis of reduction targets will take more time. We have also learned that engagement takes time and requires the right knowledge and experience. We are therefore trying to increase the sustainability expertise in our organisation and to make our discussions with clients as efficient as possible, for example by participating in theme days organised by us or their umbrella organisations.





4.4 STEP 4 - Reporting

The final step in our approach is to report annually on our impact and results. We do this in our annual report, which follows the Corporate Sustainability Reporting Directive (CSRD). Here we discuss our impact and the opportunities and risks we face as a bank.

We also report on the impact of our sustainable lending to water authorities and housing associations through our Water Bond and SDG Housing Bond newsletters that are published annually. These reports provide investors an insight into the impact of their investments in these sectors.

Lessons learned

The reporting landscape is evolving and we are moving with it. Keeping up with developments in reporting requires a flexible and proactive attitude. In recent years, we have done this by developing our data strategy in a timely manner and establishing good ESG data governance. We are now reaping the benefits. One challenge is the EU taxonomy for sustainable activities. Many of our clients do not yet report in line with the EU taxonomy, which prescribes that organisations clarify what activities can and cannot be considered sustainable. This is because most local governments and public institutions fall outside the scope of this directive and are therefore not required to apply it. As a bank, however, we are, and therefore depend on our clients' willingness to commit to the taxonomy in order to determine the extent to which the financing we provide is in line with the taxonomy. We appreciate all the more their efforts to voluntarily provide information in line with the EU taxonomy and are well aware that this creates additional reporting pressure for our clients.



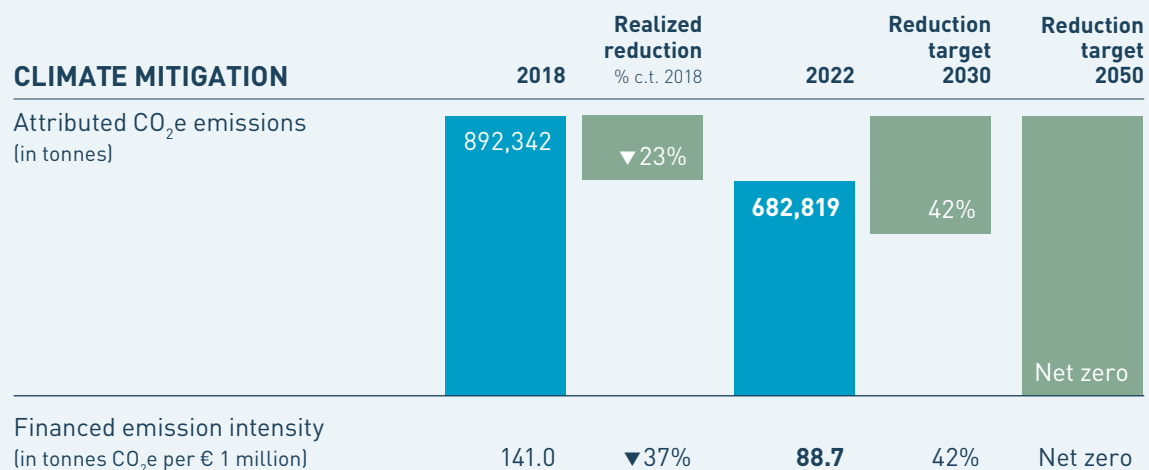
5 OUR APPROACH BY SECTOR

The focus of our ESG impact and risk management varies from sector to sector. Sectors also differ in terms of the number of clients and how they are organised. We therefore have formulated a sector-specific approach for our five largest client groups. For example, we pay more attention to the impact of water pollution for water authorities and drinking water companies, and to the impact of heat stress for municipalities.



5.1 Water authorities

	COVERAGE RATE (%)	ATTRIBUTED CO ₂ e EMISSIONS (in tonnes)	FINANCED CO ₂ e EMISSION INTENSITY (in tonnes per €1 million)
2022 2018	100% 100%	682,819 892,342	88.7 141.0



CLIMATE ADAPTION

	2021	Difference 2022-2021	2022	Target 2050
Proportion of flood defences meeting standards	63%	▲ 5%pt.	68%	100%

BIODIVERSITY

	2021	Difference 2022-2021	2022	Target 2027
Proportion of wastewater discharges meeting standards	98.3%		98.7%	
Chemical WFD	10.4%	▼ 6.3%pt.	4.1%	100%
Biological WFD	12.7%	▲ 1.3%pt.	14.0%	100%
Ecological WFD	0%	0%pt.	0%	100%

Our bank is the primary integrated financial services provider to water authorities, and we aim to maximise our market share in financing these shareholders. By providing appropriate financing at the lowest possible cost, we help water authorities to meet their climate change adaptation, mitigation and biodiversity responsibilities. Water authorities manage and maintain dikes, dams, sluices and other flood defences to prevent flooding. They regulate water levels in ditches and canals to ensure sufficient water for agriculture, nature and other uses. And they treat wastewater and monitor and improve the quality of surface water. Water treatment also has a positive impact on biodiversity. The Water Framework Directive (WFD) is important for water authorities. The aim of the WFD is to achieve good water quality for all its water bodies by 2027. However, this target is not yet in sight.

We monitor the progress on climate, nature and biodiversity at the water authorities using the KPIs and KRIs mentioned in the dashboard above. We will also be collecting information on other indicators to add to the monitoring.

- Green-blue networks
- Protected surface area
- Use of chemicals
- Removal of pharmaceutical residues

These additional indicators are the result of a study we conducted with Arcadis in 2023 to determine how best to monitor the natural impacts of our loan portfolio.



MATERIAL ESG RISKS FOR WATER AUTHORITIES

We see the following ESG risks impacting water authorities. We have categorised these risks as high, medium and low based on their likelihood and impact. In the short term, nitrogen emissions play an important role. In the longer term, surface water quality, biodiversity loss, drinking water quality and availability, and greenhouse gases are the most significant ESG risks.



Climate

The changing climate is making water management an increasingly challenging issue. Water authorities are experiencing the effects of climate change on a daily basis and are investing heavily to limit their CO₂e emissions, adapt their infrastructure to changing conditions and ensure sufficient and healthy surface and groundwater.

By 2022, the water authorities' attributed emissions⁵ will have decreased to 682,819 tonnes of CO₂e, a 23% decrease compared to 2018. The attributed emissions intensity decreased by 37% between 2018 and 2022. This puts water authorities at the forefront of reducing their CO₂e emissions. In fact, they aim to be completely energy neutral by 2025 by consuming as little energy as possible and generating as much sustainable energy as possible, for example by producing biogas from wastewater treatment and installing wind turbines and solar panels.

Under the leadership of the Association of Water Authorities, the sector has set ambitious and well-supported targets. These include reducing methane and nitrous oxide emissions from water treatment by 80% and 50% respectively by 2030 compared to 2021.

⁵ For attributed emissions, we divide the total issuance of an activity or sector by the share we, as a bank, have of the client's total debt financing based on our funding.



Good water management also means building and maintaining infrastructure to reduce the risk of flooding from sea level rise and extreme rainfall. An important part of this is primary flood defences. A new safety standard for flood risk was adopted in 2017. This safety standard states that every Dutch person should have a 1 in 100,000 annual chance of drowning as a result of flooding. By 2050, all flood defences must meet this standard; by 2022, 68% (8,972 km) of flood defences already met this standard.

Biodiversity

As well as tackling climate change, water authorities are also working to conserve and restore biodiversity. Healthy nature and biodiversity are crucial to the quality of our water and therefore to water authorities. In 2022, they developed the Biodiversity Framework, which provides guidance on biodiversity restoration and includes indicators focusing on policy, action and impact.

The quality of surface water in the Netherlands still leaves much to be desired. None of our rivers, ditches, lakes, canals and streams currently comply with the WFD, which states that all our surface waters must be healthy by 2027. The WFD is concerned with the number of pollutants in the water, whether there are good conditions for diverse plant and animal life, and the amount of groundwater suitable for drinking water. The reasons why the WFD objectives are not being met are many and complex. For example, it may be that hard work is being done on ecological restoration, but this work is being undermined by exotic species such as the American crayfish. We also see that a number of chemical and ecological sub-objectives for water quality are being met, but not in the same place. As a result, the overall WFD objective is not being met. We continue to have discussions with the water authorities about the missed targets.

Engagement

As a bank of and for the water authorities, we engage regularly with the Association of Water Authorities and with the 21 individual water authorities that are all shareholders in our bank. We will continue to do so. The statutory duties of water authorities in relation to climate change adaptation and water management are discussed, but we also look at the ESG topics of climate change mitigation and biodiversity.



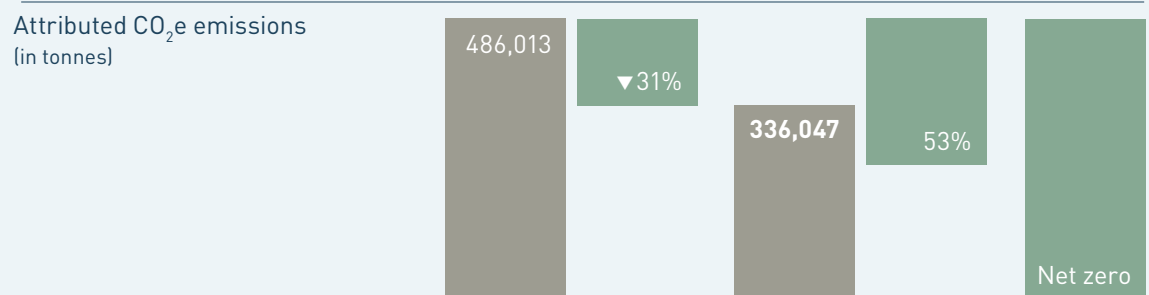


5.2 Housing associations

	COVERAGE RATE (%)	ATTRIBUTED CO ₂ e EMISSIONS (in tonnes)	FINANCED CO ₂ e EMISSION INTENSITY (in tonnes per €1 million)
2022	97.6%	336.047	11.1
2018	97.1%	486.013	16.5

CLIMATE MITIGATION

	2018	Realized reduction % c.t. 2018	2022	Reduction target 2030	Reduction target 2050
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Financed emission intensity (in tonnes CO ₂ e per € 1 million)	16.5	▼33%	11.1	53%	Net zero
Physical emission intensity (in kCO ₂ e per m ² of managed rental properties)	28.8	▼9%	26.1	62%	Net zero

	2021	2022	Target
Percentage EFG labels in housing portfolio	12%	11%	3% in 2028
Energy intensity (in kWh/m ²)	194.7	184.6	

	2021	2022	Target 2030 c.t. 2023
Net newly built social housing	7,621	7,300	250,000 (30,000 dwellings per year an average)
Allocation of social housing within income limits	79.5%	79.7%	

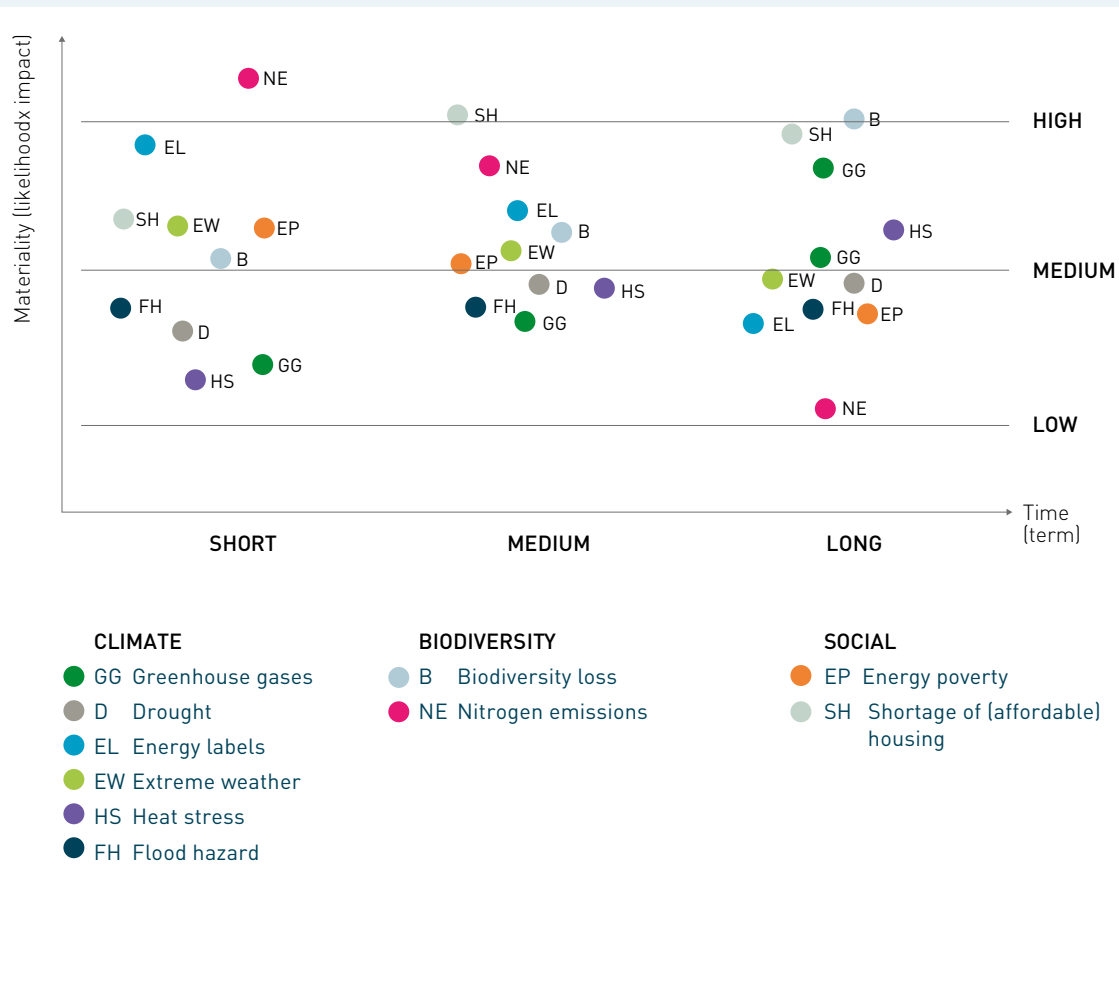
Housing associations ensure the availability and affordability of sufficient social housing for people who need it. Together, they manage more than 2.3 million rental homes, housing 4 million people. This is 28% of the Dutch housing stock. Because of the size of their housing stock and their social mission, housing associations are expected to play a pioneering role in sustainability. The abolition of the landlord levy from 1 January 2023 has freed up around €1.7 billion per year for housing associations to invest.

Binding national performance agreements are in place between the sector, municipalities, the national association for tenants and the government. In addition to doubling the production of social housing, these agreements also include the far-reaching sustainability of more than 675,000 social dwellings. This will require significant investment. Lending to this sector is already an important part of our loan portfolio and housing associations are expected to borrow more in the coming years due to the sustainability challenge, the housing shortage in our country and the investments involved.



MATERIAL ESG RISKS FOR HOUSING ASSOCIATIONS

For housing associations, we see an impact from the ESG risks outlined below. We have categorised them as high, medium and low based on their likelihood and impact. In the short term, nitrogen emissions and energy labelling requirements are important. In the longer term, the shortage of (affordable) housing, loss of biodiversity and greenhouse gases are increasing challenges for housing associations. In addition, the risk of heat stress will increase.



Climate

Achieving the Paris Climate Agreement’s goal of carbon neutrality by 2050 will require significant investment. For example, housing associations need to invest in making homes more sustainable through insulation, smart lighting and smart meters, and the installation of renewable energy systems. According to the national performance agreements mentioned above, there should be no E, F or G rated housing association dwellings after 2028. These sustainability measures will reduce the consumption of gas and electricity and thus the climate impact of the association’s housing stock. In 2022, the percentage of social housing with an E, G or F label was 11%.

By 2022, the attributed emissions for housing associations had decreased to 336,047 tonnes of CO₂e, 31% less than in 2018. The emission intensity per euro financed decreased by 33% between 2018 and 2022. The sector is therefore operating within our reduction pathway. The emission intensity per square metre decreased by only 9% between 2018 and 2022. Unfortunately, this is not yet in line with the reduction pathway we identified using the SBTi calculation method.

Biodiversity

Housing associations can play an important role in conserving and restoring biodiversity. By creating gardens and green roofs, using bee-friendly plants, installing nesting boxes and contributing to green-blue networks, they are already taking a step in the right direction. By investing in gardens, grey water systems and other measures, housing associations can not only contribute to environmental protection and sustainability, but also combat heat stress, improve neighbourhoods and the well-being of residents.



We do not currently monitor conservation and biodiversity indicators for housing associations. However, given their role as developers, we think it is important that they formulate policies in this area. We will discuss this with them. The policy should address objectives and actions that contribute to the conservation and restoration of biodiversity. It is also important that the housing associations develop some kind of management plan that is compatible with the environment. In new construction, attention should be paid to nature-integrated building, circularity, compensation for degraded natural areas, and responsible water consumption, also to allow tenants to continue paying the water bill.



Social impact

To address the current housing shortage, housing associations have committed under the national performance agreements to build 250,000 new social dwellings by 2030. The rate of construction of social housing will need to increase significantly in the coming years to meet this target. These homes are primarily intended for households on modest incomes. Another starting point for making social housing more sustainable is to keep it affordable for people with limited financial means. Conversely, such sustainability is necessary to keep energy bills affordable for tenants.

To measure the social impact of our lending to housing associations, we look at the net number of social dwellings (new build minus demolition) built by the housing associations we finance in a year. We also look at the percentage of allocations of social dwellings within the [income limits](#) set for it. There is a national target for housing associations to allocate at least 85% of vacant dwellings to their target group (known as appropriate allocation). We also look at the energy consumption of dwellings.

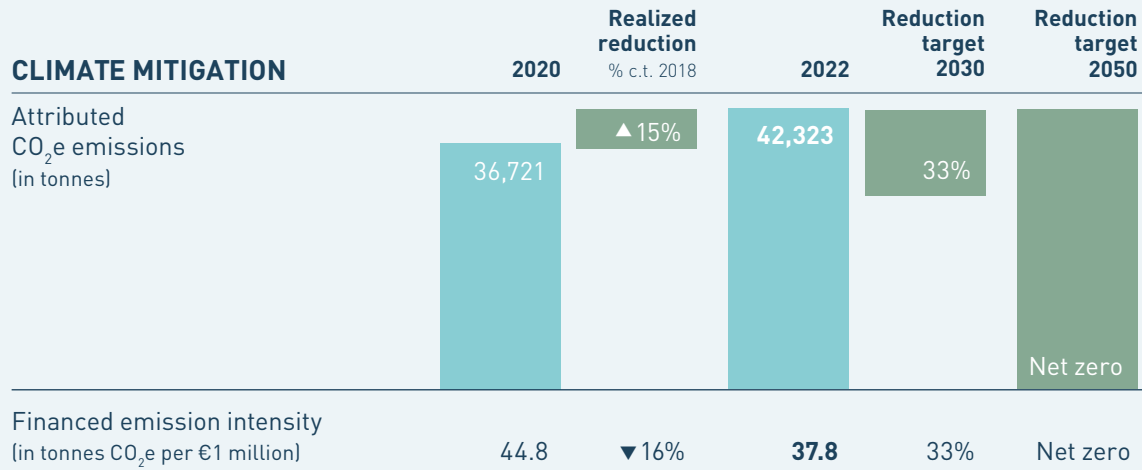
Engagement

We regularly engage with the industry association Aedes and the individual housing associations we have financed to discuss their climate change targets, energy transition and social impact.



5.3 Drinking water companies

	COVERAGE RATE (%)	ATTRIBUTED CO ₂ E EMISSIONS (in tonnes)	FINANCED CO ₂ E EMISSION INTENSITY (in tonnes per €1 million)
2022	98.8%	42,323	37.8
2020	98.1%	36,721	44.8



The task of drinking water companies is to provide consumers and other users with sufficient drinking water of good quality. The legal requirements and standards for drinking water are set out in the Drinking Water Act. This also includes the standards that groundwater and surface water must meet.

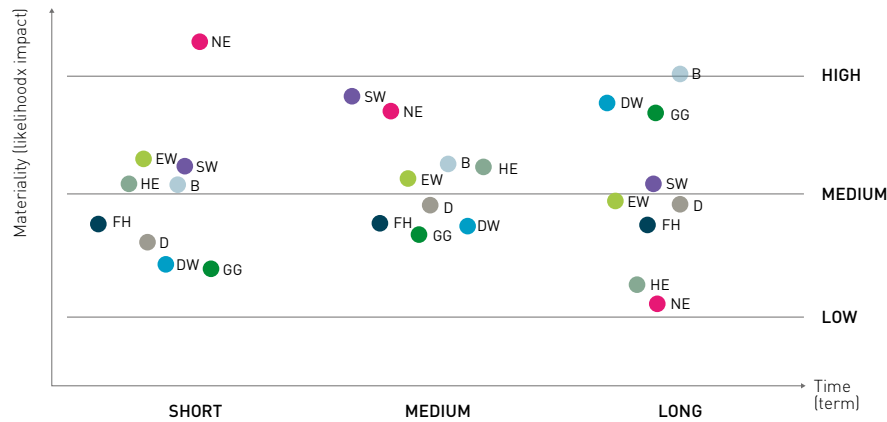
At present, we do not monitor biodiversity KPIs and KRIs for drinking water companies. In 2025, we will start collecting information on the following indicators:

- Green-blue networks
- Species diversity in managed areas
- Protected surface area



MATERIAL ESG RISKS FOR DRINKING WATER COMPANIES

For drinking water companies, we see an impact from the ESG risks listed in the table below. We have categorised them as high, medium and low based on their likelihood and impact. In the short term, nitrogen emissions are particularly relevant. In the longer term, biodiversity loss, green house gases, surface water quality and drinking water quality and availability are increasing risks.



- CLIMATE**
 - GG Greenhouse gases
 - D Drought
 - EW Extreme weather
 - HE High energy consumption
 - FH Flood hazard
- BIODIVERSITY**
 - B Biodiversity loss
 - DW Quality and availability of drinking water
 - SW Surface water quality
 - NE Nitrogen emissions
- SOCIAL**
 - DW Quality and availability of drinking water

Climate

Drinking water companies are facing major challenges. Population growth and climate change, among other factors, will increase demand for drinking water in the coming years, while the availability and quality of sources will decline. The decline in drinking water sources is due to drought and salinisation caused by climate change, and the decline in quality is due to increasing levels of pharmaceutical residues, PFAS and other chemicals in drinking water.

In 2022, attributed emissions at drinking water companies increased slightly. However, the emissions intensity decreased by 16%. The sector is therefore in line with the reduction pathway we have set for the sector.

Biodiversity

Drinking water companies benefit greatly from the conservation and restoration of biodiversity. A number of drinking water companies manage nature reserves themselves because they depend on natural ecosystems that need to be protected for water extraction. **We want all drinking water companies to have a nature and biodiversity policy in place by 2030, including measures such as green-blue networks. In addition, by 2030 they must have taken action to restore 30% of plant and animal species in poor condition in the areas they manage.** This is in line with the European Nature Restoration Law.



Social impact

Because drinking water companies have an important social role to play in terms of the availability, affordability and quality of drinking water, we look at the security of drinking water supplies when assessing these clients. To do this, we use the Vewin drinking water security [map](#).

Engagement

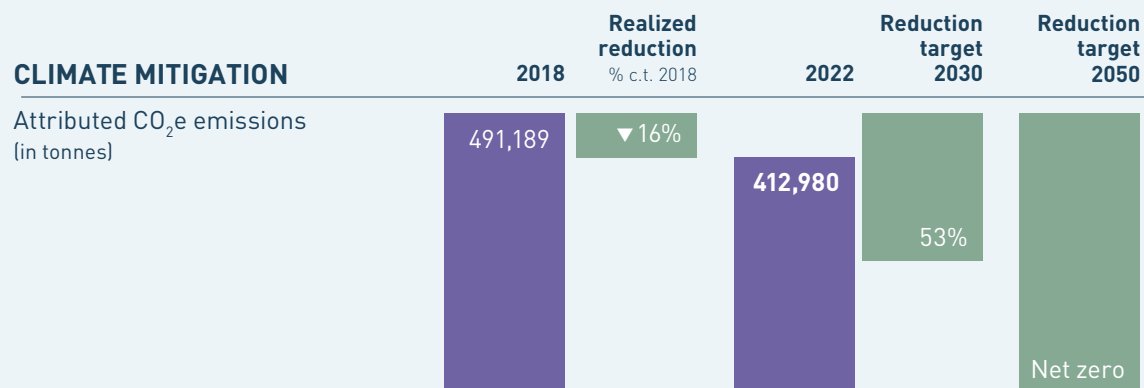
We have agreed with Vewin, the umbrella organisation for drinking water companies, that we will receive calculations of the climate impact of individual drinking water companies. We are also having discussions with drinking water companies about nature conservation and biodiversity. In the future, we will also highlight developments and expectations regarding the transition to a circular economy.





5.4 Municipalities

	COVERAGE RATE (%)	ATTRIBUTED CO ₂ e EMISSIONS (in tonnes)	FINANCED CO ₂ e EMISSION INTENSITY (in tonnes per €1 million)
2022	100%	412,980	64.1
2018	100%	491,189	74.6



Financed emission intensity (in tonnes CO ₂ e per €1 million)	74.6	▼ 13%	64.1	53%	Net zero
Physical emission intensity (in kCO ₂ e per m ² managed municipal property)	46.3	▼ 11%	41.0	62.3%	Net zero
Attributed CO ₂ e emissions in scope 3 (in tonnes)	422,170	▼ 14%	363,468	50.4%	Net zero

BIODIVERSITY

	2022	Target 2030	Target 2050
Share of public green space in funded municipalities (m ²)	24,267,583		
Protected nature reserve incl. water	34.1%		
Green-blue networks	0.4%	5%	10%

Municipalities carry out a wide range of government tasks at the local level, close to the citizens. Since 2015, a significant number of social tasks have been decentralised to municipalities. This has made them responsible for organising a large part of the care and support for their residents. All these tasks require funding. Much of this comes from central government and local taxes, but municipalities also attract external funding, including from our bank.

We currently monitor all public green space (gardens and nature, excluding agricultural land) in the municipalities we finance. In addition, we will start collecting information on the following indicators in 2025.

- Green-blue networks
- Species diversity in managed areas
- Protected surface area
- Municipalities' impact on WFD targets, e.g. through permits for discharges to surface water



MATERIAL ESG RISKS FOR MUNICIPALITIES

For municipalities, we see an impact from the ESG risks listed in the table below. We have categorised them as high, medium and low based on their likelihood and impact. In the short term, municipalities are particularly affected by energy labelling requirements. In the longer term, the shortage of (affordable) housing, biodiversity loss and greenhouse gases are the most significant risks.



Climate

Municipalities recognise the urgency of tackling climate change. In 2019, they agreed to the central government’s climate target to reduce CO₂e emissions in the municipal organisation by at least 49% by 2030 compared to 1990. In 2021, this target was tightened to 55%. The umbrella organisation Vereniging Nederlandse Gemeenten (VNG) developed the ‘CO₂ reduction by municipalities’ programme. This provides municipalities with a set of tools to take concrete steps to reduce their emissions.

By 2022, the attributed emissions of the municipalities we finance decreased to 412,980 tonnes of CO₂e, a decrease of 16% from 2018⁶. The emission intensity decreased by 13% between 2018 and 2022. For municipalities, therefore, both the absolute climate impact in tonnes of CO₂e and the relative impact in tonnes of CO₂e per million euros financed also decreased in 2022 compared to 2018. However, the reduction in CO₂e emissions by municipalities is slightly below the reduction pathway we have set out. We will discuss this with the municipalities that are clients of ours and with the VNG.

Biodiversity

Biodiversity and healthy ecosystems help to absorb CO₂e and regulate the climate. Without these natural buffers, residential areas are more vulnerable to extreme weather events such as heat waves and flooding.

This is why we believe it is important for municipalities to develop conservation and biodiversity strategies before 2030. By 2030, there should be no net loss of public green space. If green space has to give way for a project, this will be compensated by creating an additional 10% of green space elsewhere.

⁶ The exact emissions figures per municipality are not known. Therefore, for the time being, estimates are made using multiple calculations to make the data as accurate as possible. The data quality for the climate impact of municipalities is therefore lower than for the other sectors.



Social impact

As municipalities have an important social role to play, we also include some social indicators when we assess them. In particular, we look at the number of households struggling to pay their energy bills. We use TNO's [energy poverty map](#) for this purpose.

Engagement

We talk to municipalities not only about their impact on climate, nature and social topics, but also about their role as policymakers and leaders in the various transitions.





5.5 Healthcare institutions

	COVERAGE RATE (%)	ATTRIBUTED CO ₂ e EMISSIONS (in tonnes)	FINANCED CO ₂ e EMISSION INTENSITY (in tonnes per €1 million)
2022	94.6%	65,359	36.9
2018	89.4%	92,964	49.1

CLIMATE	2018	Realized reduction % c.t. 2018	2022	Reduction target 2030	Reduction target 2050
Attributed CO ₂ e emissions (in tonnes)	92,964	▼30%	65,359	64%	Net zero
Financed emission intensity (in tonnes CO ₂ e per €1 million)	49.1	▼25%	36.9	64%	Net zero
Physical emission intensity (in kCO ₂ e per m ² of healthcare facilities)	98.3	▼18%	80.9	64.1%	Net zero
Attributed CO ₂ e emissions in scope 3 (in tonnes)	17,818	▼50%	8,966	50.4%	Net zero

There is a growing demand for care, mainly due to an ageing population and increasing life expectancy. The care sector accounts for 7% of CO₂e emissions and 4% of waste in the Netherlands.

Climate

In 2022, healthcare providers, together with the government, health insurers and some banks, launched the third Green Deal Sustainable Care. This includes agreements to make the sector more sustainable, including by reducing CO₂e emissions and waste streams, and by reducing the environmental impact of medicines. In 2024, we, as NWB Bank, decided to co-sign the agreement. The agreement includes a reduction in CO₂e of at least 55% by 2030, on the way to climate neutrality by 2050.

By 2022, the attributed emissions of the healthcare facilities we finance fell to 65,359 tonnes of CO₂e, a 30% reduction compared to 2018. Emissions intensity decreased by 25% between 2018 and 2022. This puts healthcare facilities in line with our reduction pathway for the sector. As with housing, we have set reduction targets for the healthcare sector based on the SBTi calculation method.

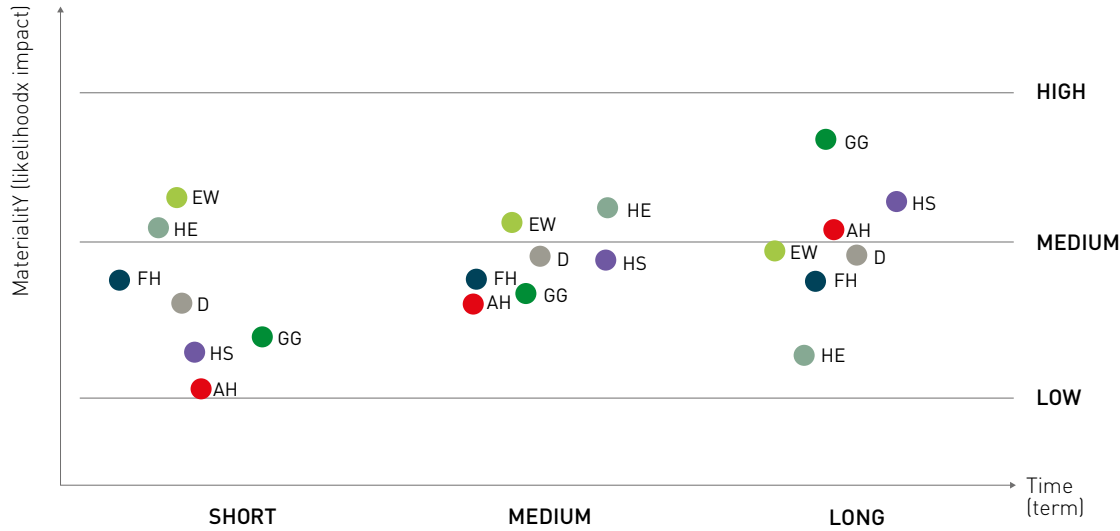
Biodiversity

Pharmaceutical residues in wastewater can be harmful to humans and the environment. They can be toxic and cause bacteria and other micro-organisms to become resistant to antibiotics. Long-term exposure to pharmaceuticals can also affect food chains and ultimately reduce biodiversity in ecosystems. **We therefore believe it is important for healthcare facilities to develop strategies to reduce the number of pharmaceuticals in wastewater.** Currently, we do not monitor biodiversity indicators for healthcare facilities. In order to monitor pharmaceutical residues, we first need to investigate the available data and its quality.



MATERIAL ESG RISKS FOR HEALTHCARE INSTITUTIONS

We see the following ESG risks impacting healthcare institutions. Based on probability and impact, we have categorised them as high, medium and low. Over time, we expect greenhouse gases and heat stress in particular to become an increasing risk for healthcare institutions.



- CLIMATE**
- GG Greenhouse gases
- D Drought
- EW Extreme weather
- HS Heat stress
- HE High energy consumption
- FH Flood hazard
- SOCIAL**
- AH Availability and quality of healthcare

Social impact

As healthcare institutions have an important social role in terms of the availability and quality of healthcare, we also include social indicators when we assess them. In particular, we look at patient satisfaction with healthcare institutions. We use the [care map](#) of Patiëntenfederatie Nederland, the Dutch patient association.

Engagement

An important part of our engagement with healthcare organisations follows from their commitment to the Green Deal Sustainable Care. This includes climate impact, material use and the amount of waste and residues as key ESG topics.





5.6 Renewable energy

ATTRIBUTED
FOSSIL ENERGY
(IN GJ)

ATTRIBUTED
RENEWABLE ENERGY
(IN GJ)

AUDACIOUS GOAL 2022

7,691,987

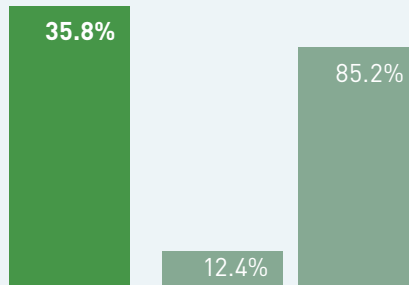
2,750,216

2022

% Energy-neutral
loan portfolio

Heat
neutral %

Electricity
neutral %



We aim for our loan portfolio to be energy positive by 2035 (our audacious goal), on the way to being climate-neutral by 2050. Energy positive means that the renewable energy projects we finance produce more renewable energy than our clients consume in fossil energy. We compare fossil heat with renewable heat and renewable electricity with fossil electricity. We aim to achieve this by encouraging our clients to reduce their energy consumption and to use renewable energy where possible. We also want to increase our financing of renewable energy projects so that as much renewable energy as possible is available.

When financing renewable energy projects, we apply the Equator Principles where relevant. Developed by financial institutions, these principles provide a risk management framework for identifying, assessing and managing social and environmental risks in financing projects. Recurring topics are the complex supply chains of renewable energy and the impact on human rights in the extraction of raw materials for renewable energy projects.

6 OUTLOOK

While we are satisfied with the steps we have taken in recent years, there is still much work to be done. Our main challenge is to make our actions more concrete in order to achieve the ambitious and audacious goals we have set. We have already identified a number of follow-up steps.

- We want to further develop our engagement strategy to better monitor progress and move clients in the right direction.
- We will consider alternative approaches if engagement proves inadequate.
- In 2025, we will quantify the natural risks relevant to us and our clients as much as possible.
- We will also define more precisely what a net carbon neutral loan portfolio looks like for us as a bank.
- We will also explore other, new active financing opportunities to further support the sustainable transition.
- In 2024, we are also working to further quantify our nature targets.



B ANNEX OVERVIEW OF GOALS

Climate mitigation

Sector	Client group	Coverage rate climate footprint	Targets scope 1 & 2	Data quality	Targets scope 3	Data quality	Targets for biodiversity	Targets for water management
Social housing	Housing associations	97.6%	Yes	2.0	No		No	No
Public sector	Municipalities	100%	Yes	2.0	Yes	5	Yes	Indirect
	Provinces	100%	No	3.9	No		No	No
	Water authorities	100%	Yes	2.7	Yes	2.7	Yes	Yes
	Joint regulations	0%	No		No		No	No
Healthcare	Healthcare institutions	94.6%	Yes	2.0	Yes	5	Yes	No
Education	Educational institutions	95.3%	No	3.0	No		No	No
Drinking water sector	Drinking water companies	98.8%	Yes	2.3	Yes	2.3	Yes	Yes
Others	Other organisations	10.0%	No	2.0	No		No	No
	NHG pass-through RMBS	89.7%	No	3.0	No		No	No
Liquidity portfolio	Financial bonds	0%	Yes		Yes		No	No
	(Supra)National Bonds	0%	No		No		No	No



CREDITS AND CONTACT

Editing, production and design

NWB Bank
The Terrace
CF Report

Questions and comments

If you have any questions and/or comments about this ESG transition plan, please contact us at the following e-mail address:
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