

# SDG Housing Bond

**Sustainable  
Indicator**  
Report  
2019



# EXECUTIVE SUMMARY

## Company strategy and Affordable / Sustainable Housing Bonds

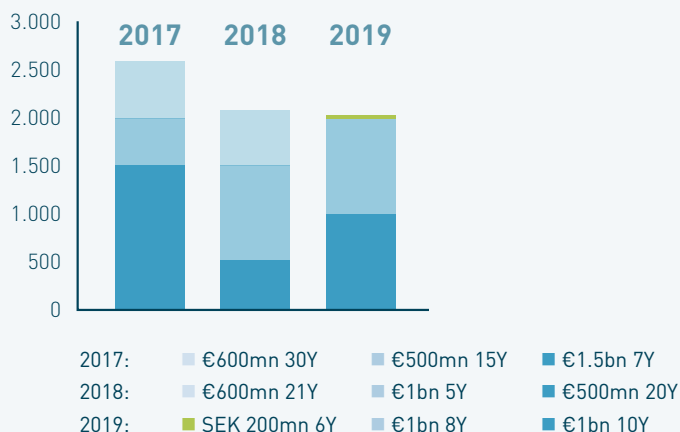
As a bank of and for the public sector, NWB Bank has different values than organisations with purely commercial interests. NWB Bank's mission is to create long-term added value for society. That means that NWB Bank looks beyond ensuring a strong financial position and efficient business operations. NWB Bank is committed to a stable and sustainable financial sector that contributes to an economy that serves society and causes the least possible harm to the environment. Affordable and SDG Housing Bonds are a perfect example of using financial instruments for the benefit of people and planet. NWB Bank started issuing Housing Bonds in 2017, and now they are an indispensable part of the bank's business operations.

The proceeds of NWB Bank's social/sustainable bonds are used to finance social housing associations in the Netherlands. These organisations provide social and affordable housing to people with lower incomes, or specially needed ones, who otherwise have difficulty accessing the housing market. In 2019, NWB Bank rebranded its Affordable Housing Bonds into the 'SDG Housing Bonds' to signal the transition from a social bond to a sustainable bond. The idea is for housing associations to not only have social goals but also environmental goals. NWB Bank's reporting focuses on eight Sustainable Development Goals all of which are linked to social and environmental issues.

## Breakdown of issuance

To date, NWB Bank has issued nine separate Affordable / Sustainable Housing Bonds for a total of €6.7 billion equivalent.

### Affordable and Sustainable Housing Bond issuance



## Portfolio breakdown

Due to the Dutch financing system of social housing associations ('housing associations' hereafter), the proceeds of NWB Bank's housing bonds are used for balance sheet financing and not directly attributed to individual projects. Moreover, in line with the recommendations in the International Capital Market Association's (ICMA) Social Bond Principles (SBPs), the information is presented in generic terms or on an aggregated portfolio basis. The reason for this is that the large number of underlying projects limits the amount of detail that can be made available.

The criteria for selecting projects is determined by housing associations in conjunction with their stakeholders such as tenants' organisations and municipalities. The social housing portfolio is reviewed every month by NWB Bank's Treasury Department to ensure that there is a prudent balance between the aggregated lending to eligible housing associations and NWB Bank's Affordable / Sustainable Housing Bond funding.

## UN Sustainable Development Goals (SDGs)

The Affordable / Sustainable Housing Bond contributes to the following SDGs:



### Breakdown of KPIs / Green Indicators

NWB Bank has developed seven impact drivers to promote the relevant SDGs, and 45 indicators have been developed in these categories to help assess the impact of the bond.

#### 1. Deliver adequate homes

Social housing providers own and manage approximately 2.3 million homes

#### 2. Manage an affordable housing stock

The average net rent-cost ratio is 23.3%

#### 3. Provide housing to vulnerable groups

260,000 tenants are single parents with at least one child (approximately 85% of these are single mothers)

#### 4. Maintain an adequate housing quality

On average, €2,792 was invested in maintenance and improvements in 2018

#### 5. Contribute to liveable communities and neighbourhood quality

€231 million was spent on community services and other neighbourhood improvements

#### 6. Take responsible environment and energy measures

In 2018, housing associations invested €870 million (+24%) in energy improvement measures

#### 7. Create responsible local partnerships

82% of all houses owned by housing associations were included in one of the performance agreements concluded with local authorities and tenant associations in 2018

## Carbon footprint

NWB Bank has committed itself to the climate targets set by the Dutch cabinet. This means that ultimately in 2020 the bank will report on the climate impact of its investments and by 2022, NWB Bank will also have developed an action plan for reducing carbon emissions.

To measure the impact of CO<sub>2</sub>, NWB Bank became a member of the Partnership for Carbon Accounting Financials (PCAF) in 2018. PCAF offers a framework that improves the financial sector's transparency and awareness of CO<sub>2</sub> emissions and a methodology for reporting. Eventually, the bank hopes to use its carbon footprint information to influence the environmental policy of its clients.

At the end of 2019, NWB Bank already had its climate impact in scope for 93% of its total lending portfolio and 99.9% of the outstanding capital within the social housing sector. NWB Bank was able to report the following figures for its loan portfolio linked to the social housing sector:

- Total outstanding loans covered: €30.790 million
- Attributed emissions housing associations: 1.810 Kton CO<sub>2</sub> eq.
- Emission intensity: 59 kton CO<sub>2</sub> eq. / € billion

### Transparency & reporting standards

NWB Bank reports annually on its CSR policy and its performance against the associated objectives, as well as on the Affordable and SDG Housing Bonds. The bank participates in the Dutch Ministry of Economic Affairs' Transparency Benchmark and has signed the ICSR agreement for the Dutch banking sector. When disclosing information, the bank follows:

- the Global Reporting Initiative (GRI) guidelines
- the EU Directive 2014/95/EU on the disclosure of non-financial and diversity information

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# NWB BANK'S SDG HOUSING BOND

**NWB Bank is proud to present the 2019 edition of its SDG Housing Bond Sustainable Indicator Report. The bank sees housing as more than real estate. Housing is a basic human right, according to the United Nations Universal Declaration of Human Rights (Article 25). Everyone should have access to an adequate and affordable home.**

In 2019, NWB Bank rebranded the Affordable Housing Bonds into 'SDG Housing Bonds' to signal the transition from a social bond to a sustainable bond. As a result, the goals of NWB Bank's bonds have expanded to include the social housing sector's efforts to improve the environment. This report focuses on eight of the UN's 17 Sustainable

Development Goals, all of which are linked to social and environmental investment in housing.

After the successful launch in 2017 of the Affordable Housing Bond and its warm reception by impact investors, it has continued to generate strong interest. The bond raised a total of €4.7 billion in 2017 and 2018. In 2019, NWB Bank issued two €1 billion bonds, one under the old Affordable Housing Bond framework and one under the new SDG Housing Bond framework. NWB Bank therefore managed to attract in excess of €10 billion in sustainable funds (both green and social/sustainable), making it the largest Dutch issuer of SRI (socially responsible investing) bonds.



The bank is also a frontrunner in this field internationally. Today, NWB Bank's SDG Housing Bond is positioned among the largest and most attractive social/sustainable bonds in the world. It has gained widespread recognition among professionals in the impact investment community.

NWB Bank also seeks to use its own internal organisation in order to set a good example in the area of sustainability. Although the relatively compact office organisation limits the impact on the environment, it is not preventing the bank from implementing a whole host of measures aimed at reducing its carbon footprint. Examples include measures to improve the sustainability of the office premises and encouraging the use of electric transport. For instance, only cars with zero CO<sub>2</sub> emissions will be purchased for the bank's employees and Executive Committee as from 2019.

Due to the Dutch financing system of housing associations, the proceeds of NWB Bank's housing bonds are used for balance sheet financing and not directly attributed to individual projects. Moreover, in line with the recommendations in the Social Bond Principles (SBPs), the information is presented in generic terms or on an aggregated portfolio basis. This is done because the large number of underlying projects limits the amount of detail that can be made available.

The criteria for selecting projects is determined by housing associations in conjunction with their stakeholders, such as tenants' organisations and municipalities. The social housing portfolio is reviewed every month by NWB Bank's Treasury to ensure that there is a prudent balance between aggregated lending to eligible housing associations and NWB Bank's SDG Housing Bond funding.

## UN Sustainable Development Goals (SDGs)

Supported by the SDG Housing Bond



NWB Bank has developed seven impact drivers to promote the relevant SDGs, and 45 indicators have been developed within these categories to help assess the impact of the bond.

- **Deliver adequate homes:** housing associations own and manage approximately 2.3 million houses
- **Manage an affordable housing stock:** The average net rent-cost ratio is 23.3%
- **Provide housing to vulnerable groups:** 260,000 tenants are single parents with at least one child (approximately 85% of these are single mothers)
- **Maintain an adequate housing quality:** On average, €2,792 was invested in maintenance and improvements in 2018
- **Contribute to liveable communities and neighbourhood quality:** €231 million was spent on community services and other neighbourhood improvements
- **Take responsible environment and energy measures:** In 2018, housing associations invested €870 million in energy improvement measures (+24%)
- **Create responsible local partnerships:** 82% of all homes owned by housing associations are included in one of the performance agreements concluded with local authorities and tenant associations in 2018

## Transparency & reporting standards

NWB Bank reports annually on its CSR policy and its performance against the associated objectives, as well as on the Housing Bonds. The bank participates in the Dutch Ministry of Economic Affairs' Transparency Benchmark and has signed the ICSR agreement for the Dutch banking sector. When disclosing information, the bank follows:

- the Global Reporting Initiative (GRI) guidelines
- the EU Directive 2014/95/EU on the disclosure of non-financial and diversity information
- the International Capital Market Association's (ICMA) Social Bond Principles
- the best practices and carbon accounting standards of the Partnership for Carbon Accounting Financials (PCAF)

## Next steps

NWB Bank will now focus on making an even greater contribution to the goals outlined in the Paris Agreement. In July 2019, the bank agreed to adhere to the Dutch government's climate goals. In the presence of the Dutch Minister of Finance, the bank signed a commitment obliging it to report on the climate impact of their loans and investments from 2020 onwards.

NWB Bank is thus contributing at both national and international levels to the realisation of the Paris Agreement's climate goals. The commitments are not without obligation. The commitment of the financial sector will be monitored continuously, and the agreements will be reassessed every five years. The Climate Agreement aims to cost-effectively reduce greenhouse gas emissions to 49% of the level recorded in 1990 by 2030.

The SDG Housing Bonds are an important lever in that respect to support the energy transition in the social housing sector and achieve the CO<sub>2</sub> neutrality goal for 2050 that the Dutch social housing sector has agreed with the government.

# 2

## DUTCH SOCIAL HOUSING IN BRIEF

Each registered housing association in the Netherlands is committed to providing low-income households and those facing other vulnerabilities with affordable housing in liveable communities. For more than a century, Dutch housing associations have been developing a successful model to build an adequate stock of social housing in pleasant urban neighbourhoods for different groups in society.

Housing associations are registered, private and not-for-profit associations or foundations. They are regulated by law and focus on specific target groups and other housing activities. They own and manage 2.4 million houses. They aim to build approximately 26,000 new houses per year by 2023, which will require annual investments of €4 billion<sup>1</sup>. The housing associations plan to invest another €16 billion between 2019 and 2023 to improve the quality of the existing stock, including in energy performance.

To improve the feasibility of their investments, housing associations have access to the Social Housing Guarantee Fund (WSW), which guarantees loans, such as those they receive from NWB Bank. This is the sole supply of subsidies for the housing associations, apart from discounts on land from municipalities.

Housing associations are required to maintain separate administrative accounts or have legal subsidiaries for activities that are not considered core social housing tasks. This guarantees that the proceeds from the SDG Housing Bond are only used for these activities. Housing associations can use any profits to reinvest in the sector, but they cannot distribute these profits to other parties.

In addition to the perennial housing shortage, housing associations also have their hands full dealing with other challenges, such as those stemming from an ageing population, migration and the introduction of energy-efficient measures. The complexity of social issues related to poverty, insecurity, mental health problems, loneliness and social integration is also putting increasing pressure on the liveability of neighbourhoods and communities.

The sector's own five-year vision<sup>2</sup> highlights that housing associations feel responsible for addressing all of these issues through partnerships and initiatives with civil society organisations, businesses and citizens.

# 3

## THE IMPACT OF THE SDG HOUSING BOND

To assess the impact<sup>3</sup> of the SDG Housing Bond and its contribution to the UN SDGs, 45 indicators have been selected and divided into seven categories, which are the main drivers for social housing activities. The indicators are inputs, outputs and outcomes related to the social housing activities of housing associations. This quantitative information is complemented by an explanation of the impact and the underlying theory of change. Finally, each impact driver is matched with the corresponding UN SDGs.



# 4

## OUTCOMES FRAMEWORK AND IMPACT PATHWAYS

The outcomes model<sup>4</sup> pictured below illustrates the different linkages between the housing output, outcomes and pathways leading to social impact. Based on this model, this report categorises the set of social housing indicators into seven outcome fields: vulnerable groups, housing affordability, availability and stability, good quality, liveable communities, environment and energy, and responsible local partners.

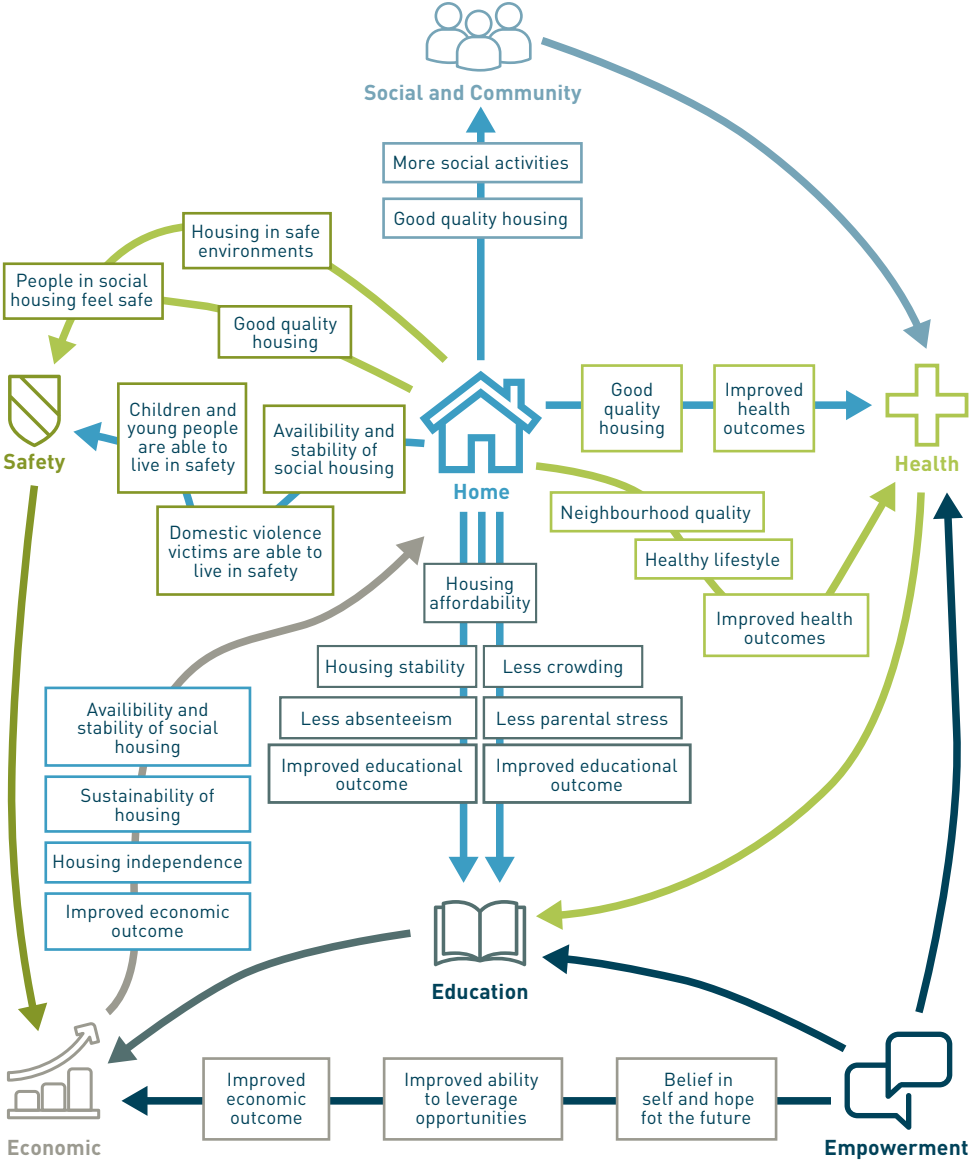


Figure: Outcomes model for social housing

# 5

## REPORT ON GREENHOUSE GAS EMISSIONS

In the context of the global Paris Climate Agreement, the Dutch Platform Carbon Accounting Financials (PCAF), a collaboration between Dutch financial institutions, has launched an initiative to develop a methodology for carbon accounting of the different types of asset classes within financial institutions. NWB Bank has formally committed itself to the PCAF initiative in January 2019.

The study and the report<sup>1</sup> commissioned by NWB Bank measures the Greenhouse Gas (GHG) emissions associated with the bank's lending portfolio, using the latest PCAF methodology<sup>2</sup>.

The PCAF report contributes to the aims of the SDG Housing Bond, especially Impact Driver 6 'Taking Responsible Environment and Energy Measures'.

For its outstanding loans with housing associations (65% of total loan portfolio), NWB Bank was able to report the following figures for its loan portfolio linked to the social housing sector:

- Total outstanding loans covered: 30.790 mln EUR
- Attributed emissions housing associations: 1.810 Kton CO<sub>2</sub> eq.
- Emission intensity: 59 kton CO<sub>2</sub> eq. / billion EUR

It was possible to calculate the CO<sub>2</sub> eq footprint for 99.9% of the outstanding capital within the social housing sector. Emissions were based on scope 1 (CO<sub>2</sub> eq emissions caused by natural gas) and scope 2 activities (district heating and electricity use).

<sup>1</sup> GHG-Emissions (PCAF method) of NWB Bank, Reporting year 2019, Telos / Het PON, January 2020.

<sup>2</sup> The impact data include direct (scope 1) as well as indirect emissions (scope 2 and 3).



# IMPACT DRIVERS

## Impact Driver 1

### Delivery of adequate homes

Impact investments made possible by the SDG Housing Bond make a difference by delivering homes to households that are having difficulty finding an adequate and affordable home.

#### Theory of change

Using the proceeds from the SDG Housing Bond, NWB Bank enables housing associations to invest in the construction and management of an affordable housing stock for low-income and vulnerable groups. Securing these kinds of investments is crucial to achieve the social outcomes and long-lasting impacts generated by sufficient, adequate and affordable housing.

The construction of affordable homes eases the burden of scarcity felt by many groups in the population, especially in urban areas with economic opportunities.

Augmenting the number of affordable and adequate homes not only improves the chances of success for those on waiting lists, it also generates employment (directly and indirectly), decreases economic disparity and distress, and prevents geographical and social exclusion. It also provides employers with a more competitive and satisfied workforce that experiences less stress and shorter commuting times.

It is widely recognised that housing is a basic need that is crucial for the safety, health and esteem and self-actualisation of all persons. One of the main roles of social housing is to ensure that vulnerable and low-income groups enjoy this basic right as well.

#### Inputs

- Investments in new-build houses by housing associations amounted to approximately €2,100 million in 2018.<sup>5</sup>

#### Outputs

- In 2018, approximately 14,100 new houses were built and delivered,<sup>6</sup> which is 1,000 fewer than in 2017.<sup>7</sup>
- By late 2018, housing associations owned and managed approximately 2,375,000 houses,<sup>8</sup> which is slightly less than the figure for 2015 (2,392,000).
- Housing associations delivered an estimated 15,000 new houses in 2019, representing a total investment of approximately €2,400 million.<sup>9</sup>
- **In 2017, housing associations invested €3,300 million in the construction and purchase of houses.**<sup>10</sup>



#### Outcomes

- People received 192,100 new contracts for social housing in 2017<sup>11</sup> (214,650 in 2016).
- 768,000 houses (32% of the social housing stock) are accessible to persons with disabilities, e.g. by including stair-free access (2017).<sup>12</sup>

- Housing associations **manage 105,000 houses with care support for elderly people (2017).**<sup>13</sup>
- The total stock of houses owned by housing associations currently covers 83% of the general target group and 117% of the priority target group (2017).<sup>14</sup>



## EXAMPLE



There is a great demand for affordable housing in the Netherlands. The pace of construction of new homes is too slow – well below the target of 34,000 new social houses per year. The obstacles are no secret: not only is there a scarcity of land, but there is also a limited supply in the building sector and extremely high construction costs.

Meanwhile, the investment capacity of housing associations is also restricted by rising levies on social housing, tax burdens and other energy performance and environmental requirements.

There are fears that the number of people who are unable to secure adequate housing will soon increase if no action is taken. Young people will have to stay at home even longer. Families that want to move will be stuck, and refugees will be less likely to find a home. And people will be unable to accept jobs offered elsewhere.

### The Building Stream

To address these issues, a group of housing associations decided to join forces with the building industry under the name 'The Building Stream'. Their approach is to aggregate the demand in the various housing associations and then categorise it in different product-market combinations, based on target group requirements and appropriate types of houses.

The resulting continuity and stability is enabling the industry to optimise production capacity. For example, a concrete builder can produce 500 extra homes per year at a 15% lower cost, provided he has the guarantee of stable production. These initiatives reflect the sector's constant search for process and product innovations to realise more affordable homes. Even if the supply becomes more standardised and moves to a more conceptual way of building, this does not mean that all houses will look the same. There is still sufficient leeway to devote attention to flexibility, aesthetics and detail.<sup>15</sup>

### Hogekwartier

Another example is the urban development of the Hogekwartier district in Amersfoort, located in the centre of the Netherlands. The Hogekwartier district is now one of the largest housing projects in the city. Where once there was only grassland and old farms, now 830 new homes will rise from the ground: a mixture of 430 rental homes, 400 owner-occupied homes and 600 square metres of commercial space. Approximately 37% of the houses are social housing.<sup>16</sup>

© photo: [www.hogekwartier.nl](http://www.hogekwartier.nl)

## Impact Driver 2

### Manage an affordable housing stock

In addition to focusing on maintaining a sufficient stock of housing, housing associations also keep this stock affordable to ensure that other basic expenses and the well-being of households are not compromised.

#### Theory of change

Housing associations invest in the construction and maintenance of affordable houses. This brings several benefits for families and societies. Households living in affordable houses are less likely to fall behind in rent and have higher security of tenure. This eliminates the stress of having to worry about securing a household's accommodation needs.

Providing people with affordable housing decreases the risk of eviction and homelessness, especially when measures are targeted and also offer support. Furthermore, people facing housing instability – e.g. frequent moves, falling behind on rent or couch surfing – are more likely to experience poor health compared to their peers in more stable housing situations.<sup>17</sup>

Another positive societal impact of providing affordable housing is that it prevents low-income households from having to cut back on expenses for other essential services and needs, such as food, healthcare, energy, education, transport, sports and other social activities. As a result, people are able to take better care of themselves and participate fully in the (local) economy and in society.

#### Outcomes

- The average monthly rent level in 2018 was €531.<sup>18</sup>
- The average rent increased by 1.7% for existing and new rent contracts (including 1.4% inflation). By comparison, unregulated rents increased by 4.9% in 2019.<sup>19</sup>
- The average net housing cost ratio was 34% in 2018 (equal to 2015).<sup>20</sup>
- The average net rent-cost ratio was 23% in 2018 (24% in 2015).<sup>21</sup>
- Approximately 11.9 % of social tenants were 'at risk of non-payment' in 2017 (12.2% in 2016).<sup>22</sup>
- The average monthly rent in social housing was €543 (€500 in 2014), which is well below the average rent in the rest of the rental sector in the Netherlands (€722 in 2017).<sup>23</sup>
- The number of evictions in 2018 (3,000) was 19% lower than in the previous year and has been declining steadily since 2013.<sup>24</sup>



## EXAMPLE



### Early signalling and multi-party cooperation

People have been falling into debt at a faster rate in recent years. Social housing association Woonconcept noticed this too. In order to help these people, the association stepped up its cooperation with other parties. This not only benefits the housing provider but, in particular, residents.

Woonconcept cooperates with various parties, such as municipalities and welfare organisations, to prevent eviction: 'We will continue to examine how we can work together better. Rent arrears are reported immediately in the first month. After that, we try to get in touch with the occupant in question in various ways, by WhatsApp, e-mail or a home visit.'

The parties agreed to keep short lines of communication with all the partners involved to ensure early debt signalling, mutual coordination and cooperation, and a clear plan of action. This proved successful. The number of evictions

decreased dramatically. This decrease was especially marked when Woonconcept changed its method of collecting rent: when a tenant does fall behind now, the housing association is on top of the situation right from the start. Woonconcept is also mindful of the personal situation of new tenants. If a new tenant is receiving assistance to alleviate debts, the housing association will offer payment arrangements and other tailor-made services. It uses prevention profiles and offers residents guidance and help on how to save money.

Woonconcept recognises that rent arrears are often the first sign of more serious problems. The more complex cases often involve several parties in addition to the housing association. By preventing mismatches between each other's processes, they want to ensure that ultimately no one will be evicted anymore based on rent arrears.<sup>25</sup>

© photo: [www.woonconcept.nl](http://www.woonconcept.nl)

## Impact Driver 3

### Providing housing to vulnerable groups

A third focus for housing associations is to provide these houses and services to specific priority groups. This optimises the social return and impact.

#### Theory of change

To properly channel the positive effect of impact investments, housing associations work with clearly defined target groups that will profit the most from affordable and adequate housing. Criteria are often based on income ceilings, but may also involve other types of disadvantages, such as disabilities, special needs, homelessness or urgent situations.

Allocating social homes to specific groups that are often at risk of falling into poverty helps to prevent higher poverty levels and worsening situations. This strategy can act as a springboard to improve vulnerable people's situations and create new opportunities.

A stable housing situation for vulnerable people also helps to close the inequality gap in society in terms of disposable income (excluding housing costs), geographic segregation and employment, and educational opportunities.

At the local level, the allocation of social houses can also prevent the concentration of poverty when implemented in combination with urban (re)development based on socially mixed communities and mixed housing tenures.

Furthermore, the targeted allocation of adequate houses with good accessibility (e.g. adapted houses for people with a wheelchair or other disability) and internal environmental quality standards has a positive impact on the health and care provision of tenants that might otherwise end up in sub-standard accommodations.

#### Outcomes

- 2.4 million households benefit from sub-market rents and stable housing conditions.
- In 2017, housing associations allocated 192,100 new social houses (214,650 in 2016).<sup>26</sup>
- 98% of total annual allocations went to the general target group in 2017.<sup>27</sup>
- 56% of all households receiving housing subsidies were social housing tenants.<sup>28</sup>
- 264,000 tenants were single parents and 1,059,000 were single-person households in 2017.<sup>29</sup>
- 704,000 households in social housing consisted of retired people.<sup>30</sup>
- The average net disposable income of households in social housing is €24,800 per year (excluding housing allowances). In the rest of the rental sector, this is €34,200 per year.<sup>31</sup>



## EXAMPLE



### Mixed neighbourhoods increase resilience

Certain neighbourhoods are struggling with a high concentration of social houses and vulnerable tenants. As a result, the quality of life in these neighbourhoods is under pressure. The Overvecht district is home to a relatively large number of people with low incomes, permit holders and people with social problems. Self-sufficient tenants leave as soon as they can get something better. 'The railway line is a clear boundary here,' says Reijnder Jan Spits, manager of public housing at the Portaal housing association. 'On one side, people reach the age of about 84. On the other side, in Overvecht, you can easily deduct about six years from that number.'

This is a typical case. In the sixties and seventies, neighbourhoods with many high-rise buildings were shooting out of the ground everywhere. In subsequent years, the new influx of residents into neighbourhoods increasingly consisted of tenants with low incomes or social problems. The new Housing Act, which narrowed the scope of target groups for social housing, merely increased this concentration: only tenants with the lowest incomes were still eligible for housing from a social housing association.

The city's policy now is to promote mixed neighbourhoods. Social housing associations are allowed to use up to 10% of the annual allocations to attract middle-income households to social housing. They are simultaneously trying to find locations in more stable neighbourhoods with houses for vulnerable groups.

In the short term, housing associations also strengthen neighbourhoods by training neighbourhood ambassadors and supporting initiatives such as community centres. In addition, they focus on mixed living in complexes: students with refugee status holders, young starters with older residents. The idea is not to ask residents to act as social workers. But they can help to relieve pressure in complexes with many vulnerable residents. For example, they can call the maintenance company if a lift is broken or the proper authorities if a neighbour's curtains remain closed for a while.

Strengthening social cohesion in a neighbourhood and supporting vulnerable groups requires more than just the efforts of residents. Housing associations also want to be given structural resources to work together with municipal health or home care services, for example.

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## Impact Driver 4

### Maintain an adequate housing quality

A large share of the resources in social housing is directed at maintenance and improvement measures to ensure a high level of quality in existing homes. These measures range from large-scale urban regeneration to daily maintenance operations.

#### Theory of change

The first social housing policies in Europe in the late 19th century were an attempt to remedy the squalor in urban housing, which was causing diseases and other health problems.

There is a direct correlation between housing and the health of its residents. Indeed, there is a range of factors that can put residents at risk of poor health.<sup>32</sup> People who have little choice but to live in inadequate housing in terms of quality or size are the most frequently affected.

To ensure optimal living standards, housing associations comply with strict building codes. Some of their interventions include measures to improve energy performance and indoor environmental quality levels to protect tenants' health while guaranteeing the safety and comfort of their houses.

Furthermore, housing associations cooperate closely with social services and care providers to make sure their tenants, especially elderly people and people with disabilities, receive adapted housing and the services they need.

#### Inputs

- Annual investments in maintenance and (energy) improvements worth €4,164 million.<sup>33</sup>

#### Outputs

- On average, €2,792 was invested in maintenance and upgrading per house in 2018 (+12% compared to €2,484 in 2017).<sup>34</sup>
- The upgrading of houses and other buildings amounted to an average of €862 per house in 2018 (as opposed to €748 in 2017).



#### Outcomes

- Asked about the quality of their houses, the average score given by tenants was 6.9 out of 10 (2019), the same score as in 2018.<sup>35</sup>
- Tenants gave a score of 7.4 out of 10 for their level of satisfaction regarding communication with their social housing provider.<sup>36</sup>



## EXAMPLE



A recent study shows that almost 1.5 million rental and owner-occupied homes in the Netherlands have problems with moisture and mould. That is why three housing associations in The Hague – Haag Wonen, Staedion and Vidomes – have joined forces and launched a website to address these problems.

The website offers information and tips to help residents prevent moisture and mildew problems in their homes. In addition, it calls on tenants to report these kinds of problems, because according to the housing associations, identifying the problem is the first step to finding a solution. After residents report a problem, they meet to discuss the issue with the housing association. Sometimes the cause is a technical defect, in other cases it can be the result of practices in the home, such as insufficient ventilation. Potential solutions are often found immediately, though sometimes a thorough investigation will first need to be conducted.

An independent expert is available in The Hague to carry out a moisture and mould analysis. Tenants of the social housing associations in The Hague can report issues if they were not able to find a solution with their housing association. Housing associations can also inform experts if tenants are not using their house correctly. The local Medicine and Health Services can also report a house with moisture and mould problems to the independent expert.<sup>37</sup>

© photo: [www.gezondwonen.nl](http://www.gezondwonen.nl)

## Impact Driver 5 Contribute to liveable communities and neighbourhood quality

In addition to focusing on individual housing units and households, housing associations also make a considerable effort to upgrade disadvantaged neighbourhoods and prevent them from falling into a negative spiral. This requires constant attention and has a long-term impact on the quality of life for residents in their neighbourhoods.

### Theory of change

By managing a balanced mix of housing segments, types of tenure and socio-economic profiles, housing associations can support the long-term resilience of communities and minimise the prevalence of problems. In addition to providing appropriate homes, green spaces and public facilities, they also facilitate local services to keep communities safe, clean and enjoyable. For instance, the daily presence of community managers and their ties with residents reduce disturbances and neglect in and outside the home.

Without these interventions, some neighbourhoods will face an increasing number of problems. Households that are able to move elsewhere will do so, whereas those with fewer resources or more problems will be forced to stay behind. The social fabric, the cement of the neighbourhood, will quickly erode and make way for increasingly vulnerable tenants with less attachment to the neighbourhood.

### Outputs

- €231 million (or €94 per house) was spent on community services and other measures to improve the quality of living in neighbourhoods (2017).<sup>38</sup>
- On average, one full-time employee (FTE) is available to work in the field of liveable neighbourhoods per 1,310 houses. This represents 7.1% of all FTEs.<sup>39</sup>



### Outcomes

- Tenants rate their satisfaction with their neighbourhood with a score of 7.3 out of 10 (2016)<sup>40</sup>
- The percentage of social housing providers that face situations of individual neglect/abandonment, confused behaviour and aggressive behaviour is in 2018 respectively 94% (90% in 2017), 83% (77% in 2017) and 46% (34% in 2017)<sup>41</sup>



## EXAMPLE



### The Social Management Label tool

Housing association Woonstad Rotterdam has been using a Social Management Label since 2016. They use it to measure the degree to which each district, neighbourhood and apartment complex needs to be managed based on various themes. This helps Woonstad Rotterdam to draw up an action plan together with local partners to identify and address any problems at an early stage.

The Social Management Label is a mathematical model that links 'hard' and 'soft' data to external sources, such as research by the municipality of Rotterdam. The model generates scores in five areas: cleanliness/intactness/safety, (residential) nuisance, financial capacity, social capacity and quality of life in general. These apply at the district, neighbourhood and complex levels. A score of 1 in a certain area means there is a little need to manage in that particular area at that level, whereas a score of 5 suggests a considerable amount of managing is needed. This model makes it easier to identify problems at an early stage and act on them.

Numbers alone do not tell the whole story. Indeed, the housing associations are well aware of the urgent need to interact with residents. Woonstad has always looked for better ways of comparing neighbourhoods and building complexes with each other. This tool has helped Woonstad to achieve this aim by unlocking the huge amount of available data.

The actions that are taken, based on a high or low score, are not predetermined. Rather, they depend on the required level of attention. Together with the municipality and welfare organisations, an action plan is drawn up based on these figures that is commensurate to the extent of the problem. For example, do you develop a district-wide campaign? Or is it a better idea to send in someone from a welfare organisation to a specific apartment block who can go from door to door to talk to residents that are struggling to pay their rent?

Again, numbers are only a starting point. You really need to talk to people to get a clearer idea of the nature of a problem. Nuisance can be the result of actions by just a few residents who cause a great deal of disturbance and mainly complain about each other. In order to find out exactly what is going on, you need to engage with the people in question. This is crucial to manage issues properly and focus your energy where it is most needed.

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## Impact Driver 6 - Taking responsible environment and energy measures

Buildings are responsible for approximately 40% of energy consumption and 36% of CO<sub>2</sub> emissions in the EU. Consequently, energy costs are increasingly putting pressure on households, and energy poverty is affecting the most vulnerable households. Investing in improving the energy performance in social houses can therefore be a double-edged sword.

### Theory of change

In light of the increasing need and demand to improve the environment – as agreed in the UN Paris Agreement, for example – housing associations are aware of their responsibility as owners and managers of a large part of the building stock in the Netherlands.

The sector has set ambitious goals: a CO<sub>2</sub>-neutral housing stock by 2050 with clear milestones in 2020 and 2030, based on financial and technical feasibility. More recently, in a national effort to move away from natural gas to a more sustainable heating source, the sector has agreed to disconnect 17,500 units from the gas grid by 2019, and 55,000 by 2021.

Accelerating the speed and depth of retrofit measures to step up the energy performance of buildings will have an immediate impact by substantially reducing greenhouse gas emissions. Revamping the energy system and installing local renewable energy sources will generate substantial benefits for residents and communities.

In addition to the environmental benefits, social housing residents will directly benefit from the energy efficiency and renewable energy measures in terms of lower energy bills, improved comfort and health levels, aesthetic enhancements and even more resilient communities.

### Inputs

- In 2018, housing associations invested €870 million in energy improvement measures (+24%).<sup>42</sup>



### Outputs

- In 2018, 60,000 social houses received photovoltaic (PV) panels (+67%), resulting in a total of 176,000 social houses with PV panels.<sup>43</sup>
- The heating systems in 70,000 houses were replaced with more efficient ones (HR107).
- On average, the energy performance in the social housing stock improved by 2.5% (2.3% previously) as a result of improved insulation in windows, roofs, floors and walls.



### Outcomes

- Average CO<sub>2</sub> emissions related to heating were 21.2 kg/m<sup>2</sup>/year (21.4 kg/m<sup>2</sup>/year in 2017), a decrease of 1% compared to the previous year.<sup>44</sup>
- Annual energy savings as a consequence of energy performance measures in social houses have been estimated at 2.6 PJ in 2017.<sup>45</sup>
- In total, emissions from the social housing sector were estimated at 4.4 Mton CO<sub>2</sub> for 2017.
- The average cost of energy and water usage for tenants was €91 per month in 2016 (compared to €103 in 2015).<sup>46</sup>
- Annual energy savings achieved as a consequence of energy performance measures in houses amounted to 2.2 PJ between 2014 and 2015.<sup>47</sup>



## EXAMPLE



### **Molenwijk: towards a circular economy**

Although improving energy efficiency levels in social houses remains a key challenge, a few housing associations have started to integrate the wider environmental benefits of circular concepts and other new technologies such as e-mobility. Housing association De Alliantie wants to integrate these concepts in a major refurbishment project involving five blocks of flats and three car parks.

De Alliantie wants to help its tenants adopt sustainable mobility practices to reduce CO<sub>2</sub> emissions and contribute to societal objectives such as improving air quality, accessibility and the quality of life in neighbourhoods.

The housing association has set two main challenges. Challenge 1: make Molenwijk more sustainable, without extracting new raw materials from the earth and without creating waste, and apply this approach to all phases of the building's lifespan. Circular construction is therefore the obvious strategy. Challenge 2 concerns mobility: The housing association wants to improve Molenwijk in a sustainable and circular way by moving away from car ownership and instead increasing the use of mobility services. The Molenwijk project site in Amsterdam North was built in the late 1960s and designed for a lifestyle based on car use. As is the case in many cities, urban densification means

the amount of surface area for private car use will gradually have to make way for more living space. That is why car parks are a key element in this urban planning concept. The key objectives here are: less parking space for private vehicles and fewer CO<sub>2</sub> emissions, on the one hand, and enhanced mobility options, on the other hand.

The challenge is to develop concepts that genuinely benefit residents. De Alliantie will work together with the Molenwijk residents' committee to achieve this objective. Sustainable solutions should be seen primarily through the eyes of the residents, which is why it is crucial to secure the residents' support.

To actually achieve circular goals, De Alliantie will have to introduce innovations in the building process and adapt the system. The housing association believes that circular construction can be achieved by first radically changing the system, and that the innovative techniques will then follow automatically. The challenge, therefore, lies in the process, not the techniques. Introducing circular concepts also requires a voluntary sustainable change in behaviour in the area of mobility without the housing association having to invest in mobility solutions itself. The transformation of Molenwijk is seen as an opportunity to change people's habits in terms of affordable and sustainable mobility options.

© photo: [www.de-alliantie.nl](http://www.de-alliantie.nl)

## Impact Driver 7 – Create responsible local partnerships

Dutch housing associations are committed to enhancing the general quality of living in their neighbourhoods. They actively cooperate with other stakeholders in the field of care, health, education, social services and other community services.

### Theory of change

In addition to renting out houses, housing associations employ other means to improve neighbourhoods as well. Social housing professionals help to strengthen ties with and between residents on a daily basis, together with other partners.

Housing associations are required by law to sign performance agreements with two of their main stakeholders: local municipalities and tenant associations. The agreements cover new construction plans, liveable communities, sustainability and priority target groups. They may also include priorities for urgent housing, for example women escaping from domestic violence.

To keep their communities enjoyable and lively, the housing associations rent out small shops and community buildings such as libraries, kindergartens, shelters, and community and care centres. They regularly liaise with the organisations that use these buildings. These parties work together on common goals: to improve the lives of residents and the overall quality of living standards in the neighbourhood, or in some cases to prevent further decline.

This integrated, hands-on approach offers several benefits. From a financial perspective, it protects the long-term value of social assets better against the risk of a neighbourhood falling into a downward spiral. From a social perspective, the active

presence of social actors at an early stage, and their mutual cooperation, makes it easier to tackle a range of social problems.

This type of local cooperation leads to positive outcomes, such as healthier residents (through preventive care), less loneliness (especially among elderly people), more prosperous residents (by creating opportunities for young people), and the social and financial resilience of vulnerable people and communities.

### Outcomes

- 559 new performance agreements were concluded in 2018 between housing associations, local authorities and tenant associations.
- 75% of all social houses were included in one of the performance agreements with local authorities and tenant associations concluded that year.
- Enhancing liveability in communities and community buildings is the most prevalent theme, present in 95% of all the local performance agreements with the sector.
- 94% of local performance agreements focus specifically on vulnerable target groups with urgent housing needs (homeless people, refugees, divorced people, mental health patients, ex-offenders, current and former substance users, victims of domestic abuse, people with care needs, and elderly people).



## EXAMPLE



In its agenda for 2020-2023,<sup>48</sup> Aedes, the national organisation promoting the interests of housing associations, sets out the most important goals for the housing association sector for the coming years. The Aedes Agenda, referred to as 'Living in the Netherlands: doing it together', was adopted by the social housing associations affiliated with Aedes. They represent about 95% of all housing associations in the Netherlands.

A basic principle of the agenda is to have housing associations work together with a wide range of social partners in a variety of areas and at different levels. Housing associations recognise that it is too challenging a task to achieve their goals by themselves, which is why cooperation is one of their greatest assets.

Locally, they work together as much as possible with residents, people looking for housing, municipalities and a range of partners operating in neighbourhoods. This is also done in regional contexts and with the provinces.

On a national level, housing associations look for partners such as the tenants' union, the association of municipalities, ministries, the healthcare sector and the construction sector. If the situation calls for it, housing associations look for other opportunities to cooperate with educational institutions, senior citizens' organisations, banks, businesses, pension funds and other investors and stakeholders who can contribute to improving the housing and living situation.

The Aedes agenda prioritises five objectives:

1. Affordable rent for residents
2. Sufficient and suitable social housing everywhere
3. Sustainable rental properties without additional housing costs for tenants
4. Rental properties in mixed neighbourhoods where people feel at home
5. Adequate preconditions and sound business operations

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# HOUSING INDICATORS AND SUSTAINABLE DEVELOPMENT GOAL CATEGORIES

As a result of the assessment above, it is possible to align the seven impact drivers in social housing with eight of the UN Sustainable Development Goals:<sup>49</sup>

## **SDG 1: No poverty**

Provide vulnerable groups with access to adequate housing. The core task of housing associations is to provide affordable and adequate housing for those who need it, especially those in vulnerable positions and those at risk of falling into poverty. The sources of this vulnerability are often linked to households with low incomes that are overburdened by housing costs. Affordable housing protects the purchasing power of low-income families and also provides good quality and healthy homes.

## **SDG 3: Good health and well-being**

Ensure healthy lives and promote well-being for all at all ages. To ensure optimal living standards, the housing associations stick to strict building codes and improve the energy performance and the quality of the indoor environment in housing to protect tenants' health and guarantee the safety and comfort of their houses. Housing associations are also involved at community level, regularly visiting tenants to ensure that more vulnerable groups are

integrated into the community.

## **SDG 5: Gender equality**

Give groups such as single mothers and their children – who are at higher risk of vulnerability – the opportunity to live by themselves in affordable and adequate houses. Housing associations are also working towards a better gender balance within their organisations, including on their boards.

## **SDG 7: Affordable, reliable, sustainable and modern energy for all**

NWB Bank finances the housing associations' ambitious energy transition measures, which aim to improve the energy performance of their buildings and encourage tenants to use renewable energy and adopt energy-efficient behaviour. These measures help to lower housing and energy costs and reduce energy poverty and CO<sub>2</sub> emissions. Gradually, housing associations are introducing residents to the concept of a more circular economy as part of their buildings' life cycle.

## **SDG 8: Decent work and economic growth**

Housing associations aim to provide tenants with affordable housing that is near their workplace and

other community infrastructure, thereby increasing profitability and well-being.

**SDG 10: Reduced inequality**

The housing associations’ mandate also ensures access to thriving areas and cities for all, including people with lower incomes. It prevents segregation between communities and groups, leading to the inclusion of more vulnerable groups in society and their ability to thrive irrespective of their neighbourhood or origin. Social housing also reduces differences in disposable income after housing costs and provides residents with more equal access to other facilities and services.

**SDG 11: Sustainable cities and communities**

Make cities and human settlements inclusive, safe, resilient and sustainable. Social housing plays an essential role in making cities and communities places where everyone can reach their full potential. Investments in housing associations contribute to those needs by integrating people into a diversified

society, which reduces inequalities and social exclusion. Providing adequate housing solutions often goes hand in hand with the mobilisation of a range of services to better integrate low-income and vulnerable population groups into cities (e.g. social support, care, health, sports and culture).

**SDG 16: Peace, justice and strong institutions**

Promote peaceful and inclusive societies for sustainable development and build effective, accountable and inclusive institutions at all levels. Through local performance agreements with municipalities, stakeholder involvement and cooperation frameworks with local partners in different institutional settings, housing associations are able to provide support to a wide range of vulnerable groups with urgent housing needs, such as homeless people, refugees, divorced people, mental health patients, ex-offenders, current and former substance users, victims of domestic abuse, people with care needs, and elderly people.

								
<b>Deliver adequate homes</b>	✓	✓			✓	✓	✓	✓
<b>Manage affordable housing</b>	✓	✓		✓		✓	✓	
<b>Housing for vulnerable groups</b>	✓	✓	✓			✓	✓	
<b>Adequate housing quality</b>		✓				✓	✓	
<b>Liveable communities</b>	✓	✓			✓	✓	✓	✓
<b>Environment and energy</b>	✓	✓		✓	✓	✓	✓	
<b>Local partnerships</b>	✓	✓	✓				✓	✓



# ALIGNMENT WITH THE SOCIAL BOND PRINCIPLES

The NWB Bank's SDG Housing Bond is aligned with the Social Bond Principles (SBPs) of the International Capital Market Association (ICMA). This report lists the different social objectives, eligibility criteria and the process employed by NWB Bank for evaluating and selecting projects.

As encouraged by the ICMA, we provide a summary based on the ICMA Social Bond Information Template:

## **Social Bond Principle component 1: Use of proceeds**

The proceeds of the bond are used for social projects addressing the housing situation, the well-being of vulnerable groups and the quality of life in communities, as illustrated in this report.

The SDG Housing Bond aims to improve the housing situation of clearly defined target groups eligible for social housing in the Netherlands. These are households that face difficulties in finding affordable and adequate housing. The allocation of housing is based on income ceilings and other priority criteria to help those experiencing (urgent) housing needs as a result of other vulnerabilities.

## **Examples of social investments financed with the proceeds of the SDG Housing Bond:**

### **Affordable basic infrastructure**

Investments in the construction or renovation of social and affordable housing include connecting buildings to basic facilities such as water, gas, electricity and heating (in the case of district heating networks). Investments are made in community buildings that require social services of general interest. The access to affordable and sustainable energy and the fight against energy poverty are some of the housing associations' main investment priorities.

### **Access to essential services**

In addition to investing in residential units, housing associations have a shared responsibility with local authorities to ensure the quality of life in communities. Therefore, as part of their social role, they invest in (small-scale) local buildings, e.g. community centres, youth centres, libraries and primary schools.

### **Affordable housing**

The primary task of housing associations is to develop, manage and provide affordable homes to vulnerable households experiencing difficulties in finding adequate housing on the market.



### **Socio-economic advancement and empowerment**

Together with other local stakeholders, housing associations help to improve their tenants' socio-economic prospects. They employ workers and community managers who are in constant contact with people living in vulnerable neighbourhoods and raise concerns with social workers, authorities and care providers, as well as providing support to people, for example to prevent the accumulation of debt and unpaid bills.

### **Examples of target populations**

The priority target group for social housing consists of households that are eligible for housing allowances. The general target group consists of households with an (gross) combined income of up to €39,055. Ten per cent of social housing can be allocated to households with an income ceiling of €43,574 (2019).

Other groups with priority status as a result of urgent housing needs include: homeless people, refugees, divorced people, mental health patients, ex-offenders, former and current substance users, and victims of domestic abuse. People with care needs, elderly people and students are other special groups eligible for social housing.

The average disposable income of tenants in social housing was €24,800 per household in 2016 (compared to €34,200 in the private for-profit rental sector).

### **Social Bond Principle component 2: Process for project evaluation and selection**

Eligible projects refer to a selected pool of loans funded, in whole or in part, by NWB Bank for investments by registered housing associations in social housing activities in the Netherlands.

Proceeds from Social Housing Bonds are exclusively used to fund NWB Bank's lending to housing associations, as approved and guaranteed by the Social Housing Guarantee Fund (WSW).

The NWB Bank's Treasury reviews the social housing portfolio every month and ensures that there is a prudent balance between the aggregated lending to eligible housing associations and its own SDG Housing Bond funding.

Although 100% of the loans go to housing associations, NWB Bank will not qualify more than 80% of lending to housing associations as eligible assets, where a proportion of tenants might improve their income while continuing to live in social housing stock.

Eligible projects are those projects run by housing associations that are within the scope of their regulated social housing mandate.

These investments are labelled as services of general interest in the area of social housing and are defined as core tasks of the housing associations in national regulations. The use of proceeds is exclusively destined for these purposes.

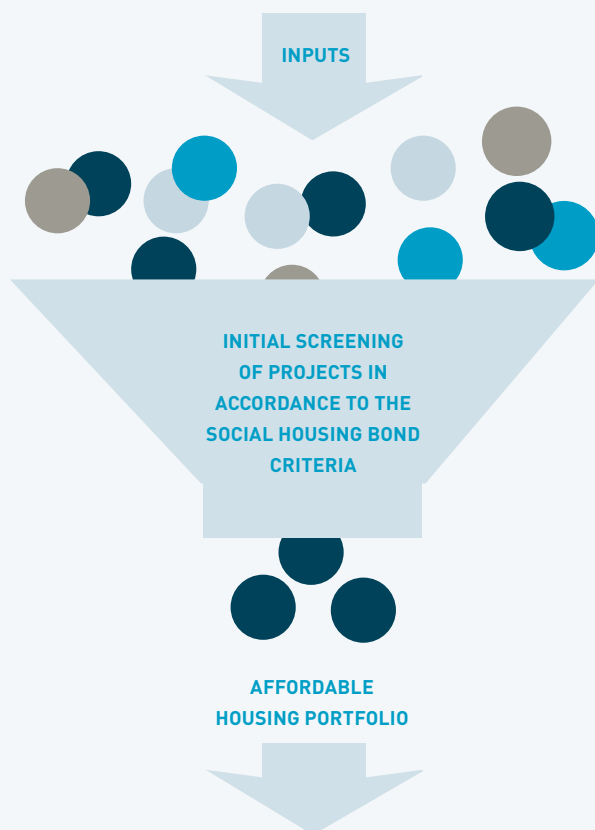
Regarding the target group of these activities, each housing association is required to provide, annually, at least 80% of the social lettings to households with a maximum income of €39,055<sup>50</sup> (gross household income).

Ten per cent of the available social housing can be allocated to households with an income ceiling of €43,574. Additional criteria exist for people facing other constraints, such as physical or mental disabilities or specific needs (the 'Special Needs Programme'). Social rent was capped by law at €710.68 per month in 2018.

Projects eligible for loans to Dutch housing associations are those with a guarantee from the Social Housing Guarantee Fund (WSW). They are selected by NWB Bank's Lending Department. Housing associations use these funds to finance and refinance social housing projects according to Dutch law.

All eligible loans need approval in accordance with the process described above.

## SOCIAL HOUSING BOND PROJECT SELECTION PROCESS FLOWCHART



### Guidelines:

1. Dutch housing Association Act
2. Guarantee requirements of the Social Housing Guarantee Fund (WSW)  
(the fund is guaranteed by the Dutch state)

### Selection according to the criteria by:

1. Social Housing Organizations consultation with their stakeholders such as tenants organizations and municipalities

### Specific social housing bond framework defined projects selection is done by:

First: The individual social housing organizations  
Then: NWB Bank Lending

### **Social Bond Principle component 3: Management of proceeds**

The NWB Bank's Treasury will review the social housing portfolio on a monthly basis and ensure that there is a prudent balance between the aggregated lending to eligible housing associations and NWB Bank's SDG Housing Bond funding.

### **Social Bond Principle component 4: Reporting**

To enable investors to monitor developments and to provide insight into prioritised areas, NWB Bank publishes an annual investor communication, such as this Social Report, which is available on its website.

The SBPs recommend that information be presented in generic terms or on an aggregated portfolio basis (e.g. percentage allocated to certain project categories), because the large number of underlying projects limits the amount of detail that can be made available.

This pertains to the SDG Housing Bond, the proceeds of which are made available to many housing associations investing in a large number of projects in the Netherlands. It should be added that, due to the Dutch financing system of housing associations, the proceeds are used for balance sheet financing and not directly attributed to individual projects.

### **Social Bond Principle component recommendation: External review**

A positive second opinion was delivered by Sustainalytics and is available on [NWB Bank's website](#). Sustainalytics is of the opinion that the NWB Bank framework has a clear social impact by providing affordable housing to vulnerable populations and addressing a critical gap in affordable housing in the Netherlands.

### **Alignment with the UN Principles for Responsible Investment**

As the SDG Housing Bond is a social bond based on the ICMA's SBPs, investors can report on the social impact through the UN Principles for Responsible Investment (PRI) reporting framework. The SDG Housing Bond and this report are aligned with this reporting framework for fixed-income impact investors, specifically in the case of social or sustainability-themed investments.

The impact mentioned in this report should be understood as positive structural change to people's lives or environments.<sup>51</sup> As clarified by the UN PRI,<sup>52</sup> in this type of sectoral report, 'measuring impact requires counterfactual analysis and is therefore rarely feasible for investors. It is more common to track outputs and outcomes using indicators that imply rather than prove impact. This is a justifiable way of simplifying the process and making it manageable, particularly where there is evidence that such indicators relate to the desired impact'.

The SDG Housing Bond also responds to the criteria mentioned in the Affordable Housing chapter of the UN PRI Association's Impact Investment Market Map.<sup>53</sup>



# APPENDIX

Affordable and SDG Housing Bonds issued in 2019		
10 years	€1,000,000,000	Affordable Housing Bond
8 years	€1,000,000,000	SDG Housing Bond
6 years	SEK 200,000,000 (ca. €19,000,000)	SDG Housing Bond

List of loans					
Trade date	Notional	Maturity in years	Trade date	Notional	Maturity in years
2018-07-13	5,000,000	3	2018-08-02	15,000,000	4
2018-07-17	15,000,000	38	2018-08-02	10,000,000	4
2018-07-18	5,000,000	7	2018-08-14	1,000,000	9
2018-07-24	16,000,000	15	2018-08-21	6,000,000	4
2018-07-25	20,000,000	6	2018-08-21	3,500,000	19
2018-07-25	30,000,000	19	2018-08-27	7,500,000	4
2018-07-25	28,400,000	28	2018-08-29	3,500,000	3
2018-07-26	1,584,323	12	2018-08-31	100,000,000	3
2018-07-27	14,400,000	9	2018-09-06	15,000,000	8
2018-08-02	6,000,000	3	2018-09-12	20,000,000	9

Trade date	Notional	Maturity in years	Trade date	Notional	Maturity in years
2018-09-17	4,000,000	3	2018-10-29	6,000,000	40
2018-09-21	25,000,000	6	2018-10-29	5,000,000	40
2018-09-26	13,000,000	11	2018-10-30	50,000,000	4
2018-09-26	4,300,000	19	2018-10-31	4,000,000	19
2018-09-27	10,000,000	3	2018-10-31	24,000,000	24
2018-09-28	8,000,000	9	2018-11-07	2,513,416	9
2018-10-02	10,000,000	7	2018-11-09	1,000,000	26
2018-10-03	10,000,000	3	2018-11-15	25,000,000	6
2018-10-03	5,000,000	4	2018-11-15	25,000,000	8
2018-10-05	10,000,000	7	2018-11-19	3,000,000	3
2018-10-09	7,000,000	11	2018-11-20	25,000,000	9
2018-10-10	7,000,000	4	2018-11-27	6,000,000	39
2018-10-10	10,000,000	5	2018-11-29	50,000,000	4
2018-10-10	1,946,468	9	2018-11-29	7,500,000	4
2018-10-11	15,000,000	4	2018-11-29	15,000,000	8
2018-10-15	3,500,000	14	2018-11-30	10,000,000	3
2018-10-16	14,291,370	4	2018-11-30	50,000,000	4
2018-10-16	20,000,000	19	2018-12-03	6,000,000	7
2018-10-16	20,000,000	39	2018-12-03	6,000,000	11
2018-10-17	2,250,000	29	2018-12-03	8,000,000	34
2018-10-22	15,870,000	37	2018-12-04	25,000,000	18
2018-10-23	4,000,000	3	2018-12-04	25,000,000	18
2018-10-23	6,000,000	3	2018-12-04	10,685,000	21

Trade date	Notional	Maturity in years	Trade date	Notional	Maturity in years
2018-12-04	14,315,000	21	2018-12-17	5,000,000	5
2018-12-04	2,212,000	22	2018-12-17	5,000,000	7
2018-12-04	4,473,000	22	2018-12-17	5,000,000	8
2018-12-04	604,000	23	2018-12-17	5,000,000	9
2018-12-04	25,000,000	24	2018-12-17	2,500,000	16
2018-12-04	1,600,000	25	2018-12-18	2,561,718	9
2018-12-04	8,227,000	25	2018-12-18	10,709,340	17
2018-12-04	15,173,000	25	2018-12-18	10,000,000	23
2018-12-05	8,000,000	5	2018-12-20	491,138	9
2018-12-05	25,000,000	5	2018-12-20	20,000,000	40
2018-12-05	10,000,000	10	2018-12-28	4,000,000	6
2018-12-05	25,000,000	14	2019-01-09	5,000,000	9
2018-12-05	25,000,000	20	2019-01-11	3,000,000	6
2018-12-05	10,000,000	21	2019-01-15	10,000,000	4
2018-12-05	11,084,000	22	2019-01-15	14,000,000	6
2018-12-05	7,231,000	22	2019-01-15	10,000,000	7
2018-12-05	4,719,000	23	2019-01-15	15,500,000	7
2018-12-05	19,677,000	23	2019-01-15	15,000,000	8
2018-12-05	15,000,000	27	2019-01-15	10,000,000	8
2018-12-11	1,000,000	9	2019-01-15	10,000,000	10
2018-12-13	10,000,000	4	2019-01-15	20,000,000	11
2018-12-14	4,400,000	8	2019-01-15	10,000,000	12
2018-12-17	5,000,000	4	2019-01-15	5,000,000	13

Trade date	Notional	Maturity in years	Trade date	Notional	Maturity in years
2019-01-15	10,000,000	13	2019-01-28	8,000,000	9
2019-01-16	20,000,000	9	2019-01-28	6,000,000	11
2019-01-18	3,500,000	3	2019-01-28	3,500,000	11
2019-01-22	15,000,000	3	2019-01-28	10,000,000	12
2019-01-22	10,000,000	3	2019-01-28	5,000,000	14
2019-01-22	4,032,500	3	2019-01-28	5,000,000	19
2019-01-22	15,000,000	3	2019-01-28	15,000,000	27
2019-01-22	3,265,000	5	2019-02-04	5,830,000	4
2019-01-22	4,032,500	8	2019-02-04	4,000,000	7
2019-01-22	2,915,000	10	2019-02-04	5,830,000	9
2019-01-22	3,755,000	11	2019-02-04	8,000,000	10
2019-01-22	6,000,000	13	2019-02-04	3,000,000	13
2019-01-23	20,000,000	9	2019-02-04	4,000,000	13
2019-01-23	5,000,000	29	2019-02-04	1,494,368	20
2019-01-24	7,400,000	5	2019-02-04	1,264,007	20
2019-01-28	6,000,000	3	2019-02-04	3,000,000	25
2019-01-28	7,000,000	3	2019-02-04	3,000,000	28
2019-01-28	5,000,000	4	2019-02-05	11,500,000	3
2019-01-28	5,000,000	6	2019-02-11	10,000,000	9
2019-01-28	3,500,000	6	2019-02-13	12,000,000	7
2019-01-28	8,000,000	6	2019-02-13	4,000,000	9
2019-01-28	5,400,000	8	2019-02-18	6,000,000	3
2019-01-28	3,500,000	9	2019-02-18	12,500,000	7

Trade date	Notional	Maturity in years	Trade date	Notional	Maturity in years
2019-02-18	1,650,486	8	2019-03-18	4,500,000	18
2019-02-18	5,000,000	9	2019-03-18	12,000,000	39
2019-02-20	15,000,000	8	2019-03-19	5,000,000	10
2019-02-21	25,000,000	5	2019-03-19	10,000,000	14
2019-02-22	50,000,000	5	2019-03-20	11,500,000	30
2019-02-25	5,000,000	17	2019-03-22	5,000,000	6
2019-02-25	30,000,000	40	2019-03-28	10,000,000	3
2019-02-26	15,000,000	5	2019-03-28	20,000,000	6
2019-02-27	6,000,000	4	2019-03-28	20,000,000	40
2019-02-27	15,000,000	8	2019-03-29	100,000,000	3
2019-03-04	6,500,000	3	2019-03-29	100,000,000	4
2019-03-06	18,000,000	9	2019-04-01	12,000,000	4
2019-03-07	20,000,000	40	2019-04-03	2,500,000	5
2019-03-13	5,000,000	9	2019-04-03	10,000,000	41
2019-03-14	2,100,000	9	2019-04-09	9,500,000	9
2019-03-14	10,000,000	19	2019-04-10	12,000,000	17
2019-03-18	3,500,000	3	2019-04-11	5,000,000	12
2019-03-18	13,335,505	5	2019-04-15	25,000,000	9
2019-03-18	6,000,000	5	2019-04-17	5,000,000	8
2019-03-18	19,000,000	7	2019-04-18	7,500,000	10
2019-03-18	10,000,000	13	2019-04-18	5,000,000	11
2019-03-18	8,000,000	17	2019-04-18	5,000,000	25
2019-03-18	7,200,000	18	2019-04-18	4,000,000	30

Trade date	Notional	Maturity in years	Trade date	Notional	Maturity in years
2019-04-23	7,000,000	8	2019-04-24	3,000,000	50
2019-04-23	7,000,000	9	2019-04-29	8,000,000	5
2019-04-23	5,000,000	10	2019-04-29	5,000,000	30
2019-04-23	12,700,000	10	2019-04-30	5,000,000	15
2019-04-23	5,000,000	13	2019-04-30	25,000,000	37
2019-04-23	4,000,000	19	2019-04-30	25,000,000	38
2019-04-23	7,000,000	29	<b>Grand Total</b>	<b>2,525,922,139</b>	



## SECOND OPINION SUSTAINALYTICS

'Sustainalytics is of the opinion that NWB Bank's social bond is well aligned with the ICMA's Social Bond Guidance, 2016, due to (a) the nature of the social projects described in the eligibility criteria, and (b) the targeted nature of the populations served. Given the clear need for affordable housing in the Netherlands, the targeted nature of NWB Bank's eligibility criteria ensures the inclusion of disadvantaged and marginalized groups. In addition, Sustainalytics is of the opinion that NWB Bank's social bond follows the guidance provided by the Green Bond Principles 2016 with respect to transparency around the project selection process, management of proceeds, and reporting. Overall, Sustainalytics considers that proceeds from NWB Bank's social bond can be expected to provide a high level of social impact to underserved communities by increasing the availability of affordable housing'.

See also [https://nwbbank.com/download\\_file/299/530](https://nwbbank.com/download_file/299/530).

## ABOUT NWB BANK

The Nederlandse Waterschapsbank N.V. (NWB Bank) is a bank of and for the Dutch public sector. NWB Bank provides financing to water authorities, municipal and provincial authorities and to organisations that are guaranteed by the government, such as housing associations and healthcare institutions. NWB Bank also finances sustainable energy projects and public-private partnerships (PPPs). The bank funds its activities on the international monetary and capital markets on the back of its AAA/Aaa credit ratings and is a leading issuer of sustainable bonds. As a significant bank, NWB Bank is under the direct supervision of the European Central Bank (ECB).

## END NOTES

- <sup>1</sup> WSW Portefeuillerapportage, June 2018.
- <sup>2</sup> Aedes Vision Paper Aedes, 2016-2021.
- <sup>3</sup> This report intends to highlight the positive impact of the SDG Housing Bond. Most indicators are output- and outcome-based. Direct evidence of socio-economic impacts are difficult to claim because they are hard to isolate and correlate directly with investments at this macro level. However, evidence and practice show generally accepted correlations, as mentioned in the outcome model presented earlier.
- <sup>4</sup> Developed by the Government of New South Wales, Australia.
- <sup>5</sup> Based on figures of Aedes Benchmark 2019 and Staat van de Corporatiesector 2019.
- <sup>6</sup> Staat van de corporatiesector 2019, Autoriteit woningcorporaties, December 2019.
- <sup>7</sup> Sectoral Prognosis, Dpi 2017, Dutch Ministry of the Interior.
- <sup>8</sup> Staat van de Volkshuisvesting 2019, May 2019, Ministry of the Interior and Kingdom Relations.
- <sup>9</sup> Monitor nieuwbouw sociale huurwoningen 2019.
- <sup>10</sup> Staat van de Volkshuisvesting Jaarrapportage 2018 and Sectorbeeld 2017.
- <sup>11</sup> Staat van de Volkshuisvesting Jaarrapportage 2018 and Sectorbeeld 2017.
- <sup>12</sup> Cijfers over Wonen en Bouwen, 2019, Ministry of the Interior and Kingdom Relations.
- <sup>13</sup> Staat van de Volkshuisvesting 2018, Dutch Ministry of the Interior.
- <sup>14</sup> Lokale Monitor Wonen, 2017.
- <sup>15</sup> Source: Aedes magazine 1-2019 and De Bouwstroom.
- <sup>16</sup> Source: Aedes Magazine 4-2019 and De Alliantie.
- <sup>17</sup> <http://pediatrics.aappublications.org/content/early/2018/01/18/peds.2017-2199>.
- <sup>18</sup> Aedes Benchmark 2019.
- <sup>19</sup> Staat van de Volkshuisvesting Jaarrapportage 2018 and Sectorbeeld 2017.
- <sup>20</sup> Staat van de Volkshuisvesting Jaarrapportage 2018 and Sectorbeeld 2017.
- <sup>21</sup> The difference between the net rent-cost ratio and the net housing cost ratio represents other housing-related costs (e.g. utility costs, service costs). Staat van de Volkshuisvesting Jaarrapportage 2018 and Sectorbeeld 2017.
- <sup>22</sup> Lokale Monitor Wonen, 2017. The percentage of households 'at risk of non-payment' is calculated by the national NIBUD agency, which assesses whether the remaining income is sufficient to afford a standard basket of basic needs for several typical household categories, once rent costs are deducted from the net disposable income.
- <sup>23</sup> Lokale Monitor Wonen, 2017 and Cijfers over Wonen en Bouwen, 2019, Ministry of the Interior and Kingdom Relations.
- <sup>24</sup> Corporatiemonitor Voorkomen Huisuitzettingen, Aedes, October 2019.
- <sup>25</sup> Aedes.nl and Woonconcept.
- <sup>26</sup> Staat van de Volkshuisvesting 2018 and Sectorbeeld 2017.
- <sup>27</sup> Staat van de Volkshuisvesting 2018. The income ceiling is set at €35,739 for a minimum of 80% of annual allocations and a maximum of 10% between €35,739 and 39,874 (2016).
- <sup>28</sup> Lokale Monitor Wonen, 2017.
- <sup>29</sup> Lokale Monitor Wonen, 2017.

- <sup>30</sup> Lokale Monitor Wonen, 2017.
- <sup>31</sup> Lokale Monitor Wonen, 2017.
- <sup>32</sup> In-home exposure to lead irreversibly damages the brain and nervous systems of children. Substandard housing conditions, such as water leaks, poor ventilation, dirty carpets and pest infestation, have been associated with poor health outcomes, most notably those related to asthma. Additionally, exposure to high or low temperatures is correlated with adverse health events, including cardiovascular events, particularly among the elderly (Taylor, 2018).
- <sup>33</sup> Cijfers over Wonen en Bouwen 2019, Ministerie BZK.
- <sup>34</sup> Aedes Benchmark 2015-2018 (based on a survey among tenants with 355,000 respondents).
- <sup>35</sup> Among 81,000 tenants. On a scale of 1-10. In 2017, Aedes Benchmark 2018.
- <sup>36</sup> Among 81,000 tenants. On a scale of 1-10. In 2017, Aedes Benchmark 2018.
- <sup>37</sup> Aedes.nl
- <sup>38</sup> Staat van de Volkshuisvesting 2019, Autoriteit woningcorporaties, December 2019.
- <sup>39</sup> Aedes Benchmark 2019.
- <sup>40</sup> Aedes Benchmark 2017.
- <sup>41</sup> Based on a survey among SHO's. Corporatiemonitor Woonoverlast 2019, Aedes.
- <sup>42</sup> Aedes Benchmark 2018.
- <sup>43</sup> Aedes Benchmark 2019.
- <sup>44</sup> Aedes Benchmark 2019.
- <sup>45</sup> Staat van de Volkshuisvesting 2019, Autoriteit woningcorporaties, December 2019.
- <sup>46</sup> 2016, Lokale Monitor Wonen.
- <sup>47</sup> 1 PJ (petajoule) is equivalent to the annual amount of energy used by 18,000 households in the form of heating and electricity. 2017, Staat van de Volkshuisvesting.
- <sup>48</sup> Aedes Agenda 2020-2023, 'Wonen in Nederland, dat doen we samen', November 2019.
- <sup>49</sup> The complete list of indicators of the UN SDGs is presented in Annex IV of the Report of the Inter-agency and Expert Group on Sustainable Development Goal Indicators (E/CN.3/2016/2/Rev.1).
- <sup>50</sup> For 2018. Ceilings are subject to review by the national authorities.
- <sup>51</sup> As clarified in the UN PRI Association publication, Understanding the Impact of Your Investments (2013, p. 6), which concludes that 'measuring impact requires counterfactual analysis and is therefore rarely feasible for investors. It is more common to track outputs and outcomes using indicators that imply rather than prove impact. This is a justifiable way of simplifying the process and making it manageable, particularly where there is evidence that such indicators relate to the desired impact.'
- <sup>52</sup> Understanding the Impact of Your Investments, UN PRI Association, 2013, p. 6.
- <sup>53</sup> <https://www.unpri.org/thematic-and-impact-investing/impact-investing-market-map-affordable-housing/3545.article>.

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