

Second-Party Opinion

State of the Netherlands Green Bond Framework



Evaluation Summary

Sustainalytics is of the opinion that the State of the Netherlands Green Bond Framework is credible and impactful and aligns to the four core components of the Green Bond Principles 2021. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Renewable Energy, Energy Efficiency, Clean Transportation, and Climate Change Adaptation & Sustainable Water Management – are aligned with those recognized by the Green Bond Principles 2021. Sustainalytics considers that the eligible categories are expected to lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 6, 7, 9, 11 and 13.



PROJECT EVALUATION / SELECTION The Dutch State Treasury Agency (DSTA) initially identifies expenditures in the Central Government Budget after which the Green Bond Working Group evaluates and selects eligible expenditures. The Green Bond Working Group comprises representatives from various State Ministries. The environmental and social laws and regulations and risk assessment processes of the State of the Netherlands are applicable to all expenditures (re) financed under the Framework. Sustainalytics considers the project selection process in line with market practice.



MANAGEMENT OF PROCEEDS The DSTA oversees the management of proceeds and will track proceeds via the National Financial Annual Report. DSTA applies a lookback period of maximum two years and is targeting full allocation within two years after issuance. Unallocated proceeds will be managed according to the treasury policy of the DSTA. This is in line with market practice.



REPORTING The State of the Netherlands intends to publicly report on allocation annually, on its website. The report will include an overview of the allocation of green bond proceeds by a breakdown of allocation per expenditure category and the unallocated proceeds (if any). Impact reporting will include relevant impact metrics. Sustainalytics views the State of the Netherlands' allocation and impact reporting as aligned with market practice.

Evaluation Date	April 26, 2022 ¹
Issuer Location	The Hague, Netherlands

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Alignment with the EU Taxonomy

Sustainalytics has assessed the State of the Netherlands's Green Bond Framework for alignment with the EU Taxonomy, and is of the opinion that, of the Framework's four use of proceeds categories, which map to eight EU activities, all align with the applicable Technical Screening Criteria ("TSC") in the EU Taxonomy and Do No Significant Harm Criteria. Sustainalytics is also of the opinion that the activities and projects to be financed under the Framework will be carried out in alignment with the EU Taxonomy's Minimum Safeguards.

¹ This document is an update of a Second-Party Opinion originally published in March 2019.

Introduction

The Netherlands (or the “Country”) is a country in north-western Europe with a population of 17.6 million² and GDP of EUR 860.7 billion as of 2021.³ The Netherlands’ capital and largest city is Amsterdam, while the seat of the Dutch Government is in The Hague. Politically, the Netherlands has been a parliamentary constitutional monarchy since 1848. The Constitution lays down that the monarch and the ministers together constitute the government. The government consists of the head of state (the monarch), a head of government (the prime minister) and the ministers.⁴ The council of ministers holds executive power and is responsible for acts of government. Public administration in the Netherlands has four tiers: central government, the provinces, the municipalities and the water authorities that are governed by an executive board that has authority in matters of water management.⁵

The Dutch State Treasury Agency (“DSTA” or the “Issuer”), a division of the Ministry of Finance of the State of the Netherlands, is responsible for the funding and management of the national debt, for the policy governing and the implementation of treasury banking and for the national government’s money transfers. The DSTA combines the internal and external treasury function of the national government.

The DSTA has developed the State of the Netherlands Green Bond Framework (the “Framework”) under which it intends to issue green bond(s) and/or tap existing green bond(s) and use the proceeds to finance and/or refinance, in whole or in part, existing and future government expenditures that support the Netherlands’ climate objectives aimed at decarbonizing the Country’s energy, housing, and transportation sector as well as increasing resilience to climate change. The Framework defines eligibility criteria in four areas:

1. Renewable Energy
2. Energy Efficiency
3. Clean Transportation
4. Climate Change Adaptation & Sustainable Water Management

The DSTA engaged Sustainalytics to review the State of the Netherlands Green Bond Framework, dated April 2022, and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP).⁶ The Framework has been published in a separate document.⁷

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁸ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible expenditures are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2021, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds;
- The use of proceeds criteria alignment with the EU Taxonomy 2021 Delegated Act ; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.11, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

² Statistics Netherlands, Population Dashboard, at: <https://www.cbs.nl/en-gb/visualisations/dashboard-population>

³ Eurostat, “GDP and main components (output, expenditure and income)”, at:

https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=nama_10_gdp&lang=en

⁴ Government of Netherlands, “About the Government”, at: <https://www.government.nl/government/about-the-government>

⁵ Government of Netherlands, “Provinces, municipalities and water authorities”, at: <https://www.government.nl/topics/public-administration/provinces-municipalities-and-water-authorities>

⁶ The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Green-Bond-Principles-June-2021-100621.pdf>

⁷ The State of the Netherlands Green Bond Framework is available on the State of the Netherlands’s website at: <https://www.dsta.nl/onderwerpen/groene-obligaties>

⁸ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

As part of this engagement, Sustainalytics held conversations with various members of the Dutch State Treasury Agency's (DSTA) management team and received input from relevant government ministries to understand the sustainability impact of its processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the State of Netherlands Green Bond Framework. The Dutch State representatives have confirmed that: (1) they understand it is the sole responsibility of the Dutch State to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics' opinion of the State of the Netherlands Green Bond Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and the Dutch State.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner. The Second-Party Opinion is valid for issuances aligned with the respective Framework for which the Second-Party Opinion was written for a period of twenty-four (24) months from the evaluation date stated herein.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that the Dutch State has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the State of the Netherlands Green Bond Framework

Sustainalytics is of the opinion that the State of the Netherlands Green Bond Framework is credible and impactful and aligns with the four core components of the GBP. Sustainalytics highlights the following elements of the State of Netherlands Green Bond Framework:

- Use of Proceeds:
 - The eligible categories – Renewable Energy, Energy Efficiency, Clean Transportation, and Climate Change Adaptation & Sustainable Water Management – are aligned with those recognized by the GBP.
 - Sustainalytics highlights that all expenditures eligible under the Framework must comply with the sector criteria of the Climate Bonds Standard. Furthermore, the DSTA has confirmed to Sustainalytics that it intends to have all bonds issued under the Framework certified by the Climate Bonds Initiative (CBI).⁹ Sustainalytics views this as a robust practice that will facilitate alignment with a 2-degree global warming scenario, consistent with the commitments set out in the Paris Agreement.
 - Under the Renewable Energy category, the DSTA may finance subsidies for electricity generation from solar, onshore, and offshore wind, and the transportation of low-carbon gases (such as hydrogen) as follows:

⁹ Sustainalytics notes that CBI sector criteria for hydrogen are still under development. Hence, the DSTA has confirmed that it will not allocate towards these expenditures until the criteria are in place and the expenditures have been certified by CBI.

- As part of the hydrogen backbone, the DSTA may finance the construction of new distribution networks as well as retrofit the existing natural gas network to enable the transport of hydrogen. Sustainalytics notes that expenditures will solely be dedicated towards hydrogen transport and networks will not transport natural gas.
- The DSTA may finance site surveys and ancillary studies in support of wind power development, including geological desk studies, geophysical, geotechnical and archaeological surveys, as well as wind resource assessments. These studies will contribute to the development of 21 GW of offshore wind by 2030. Sustainalytics considers these investments to align with market practice, highlighting their contribution to decarbonizing electricity generation and facilitating hydrogen transportation and are considered to contribute to the Netherlands' climate goals.
- Under the Energy Efficiency category, the DSTA may finance expenditures to improve the energy efficiency of the built environment. This includes tax credits for social housing corporations for buildings renovation. Renovation must result in at least three EPC label steps improvement and to a minimum of EPC label B. Sustainalytics notes that an improvement of at least three EPC labels to reach a minimum EPC label B result in a 30% reduction in CO₂ emissions for residential buildings in the Netherlands.¹⁰ Sustainalytics notes that the expenditures align with market practice and may contribute to improving the energy performance of the existing social housing stock in the Country.
- In the Clean Transportation category, the DSTA may finance fully electrified railway infrastructure for passenger transport, metros and trams, including railway station re-developments and bicycle parking. Expenditures for dedicated freight railway infrastructure will be excluded. Sustainalytics considers these investments to be in line with market practice and notes that these expenditures are expected to promote greater use of low-carbon modes of transport, such as rail, and reduce overall GHG emissions from the transport sector.
- Under the Climate Change Adaptation and Sustainable Water Management category, the DSTA may finance measures taken under the Dutch Delta Programme,¹¹ including the following projects and activities:
 - Flood risk management, including reinforcing primary flood defences (dykes, dams, storm surge barriers, and dunes) and monitoring water levels.
 - Freshwater supply, including water treatment and distribution and measures to improve water quality. The objective is to improve the resilience of freshwater supply against drought and low river discharge due to climate change.
 - Expenditures in this category are backed by climate stress tests undertaken by local governments throughout the Netherlands.¹² The Delta Programme seeks to identify and assess vulnerabilities as part of its objectives. Adaptation plans are subsequently based on the indicated vulnerabilities.
 - Sustainalytics considers the projects to align with market practice. Sustainalytics is of the opinion that the activities are expected to improve the resilience of the Netherlands towards climate change and are deemed well-placed for inclusion in the use of proceeds from a green bond.
- Project Evaluation and Selection:
 - The project evaluation and selection process for eligible expenditures is the responsibility of the interdepartmental Green Bond Working Group ("GBWG") and takes place on an annual basis. While the DSTA prepares an initial list of projects, the GBWG verifies the expenditures according to the Framework criteria and approves the selected expenditures.
 - The GBWG comprises representatives from the Dutch State Treasury Agency (Chair), Ministry of Finance, Ministry of Economic Affairs and Climate, Ministry of Infrastructure and Water Management, and Ministry of Interior and Kingdom Relations.
 - In relation to environmental and social risk mitigation, the Netherlands has overarching environmental and social legislation in place applicable to all Eligible Green Expenditures (re) financed under the Framework. Sustainalytics considers these risk management policies to be adequate and aligned with market expectations. For additional details, see Section 2.

¹⁰ Based on the NTA 8800 regulation, expressed in kWh/M2.

¹¹ For more information on the Delta Programme, please refer to Section 2 and 3.

¹² Klimaatadaptatie, "Monitorkaart Stresstesten", at: <https://klimaatadaptatienederland.nl/stresstest/monitor/kaart/>

- Based on the representation within the GBWG, environmental and social risk management policies and governance structure, Sustainalytics considers this approach to be aligned with market practice.
- Management of Proceeds:
 - The DSTA oversees the management of proceeds and will track proceeds via the National Financial Annual Report. The allocation of the use of proceeds will be reviewed and approved by the Green Bond Working Group on an annual basis, until full allocation.
 - The DSTA applies a look-back period of maximum two years (24 months), as proceeds can be allocated towards expenditures in the budget year preceding the issuance, the budget year of issuance, and the two budget years following the issuance. DSTA is targeting full allocation within two years after issuance. Pending allocation, proceeds will be managed according to the treasury policy of the DSTA.
 - Based on the process in place for the management of proceeds, Sustainalytics considers this to be in line with market practice.
- Reporting:
 - The DSTA commits to publish an allocation report within three months following the release of the National Financial Annual Report of the year of issuance of the green bond under the Framework, containing: (i) an overview of the allocation of proceeds from issued green bonds to the main categories of eligible green expenditures, (ii) a breakdown of allocated proceeds per main category of eligible green expenditures on a Central Government Budget Article level, (iii) a breakdown of the allocated proceeds per budget year, (iv) a breakdown of allocated proceeds per type of expenditures and (v) the amount of unallocated proceeds (if any) among others. Moreover, the DSTA will update the allocation report on an annual basis until full allocation.
 - The DSTA also commits to publishing an impact report which may include indicators such as number of projects, annual energy savings (in MWh), avoided greenhouse gas emissions and actual annual energy production (in MWh). Please refer to Appendix 4 for a full list of impact indicators.
 - The DSTA will also strive to provide social impact metrics to illustrate the expected social benefits generated by the Eligible Green Expenditures when feasible and relevant, including for example the expected number of beneficiaries or expected jobs creation. Impact reporting will provide an estimation of adverse environmental and social impacts related to the Eligible Green Expenditures when feasible. The Dutch State will also provide updates caused by time-lags in the publication of specific environmental impact indicators.
 - Based on the commitment to both allocation and impact reporting, Sustainalytics considers the allocation and impact reporting process to be in line with market practice.

Alignment with Green Bond Principles 2021

Sustainalytics has determined that the State of the Netherlands Green Bond Framework aligns to the four core components of the GBP. For detailed information please refer to Appendix 4: Green Bond/Green Bond Programme External Review Form.

Alignment with the EU Taxonomy

Sustainalytics has assessed the Framework's eligible green use of proceeds criteria against the relevant criteria in the EU Taxonomy and determined their alignment with each of the Taxonomy's three sets of requirements. Sustainalytics notes that the following eligible expenditures do not map to any of the Economic Activities as they either cannot be directly mapped to NACE activities and/or they are designed primarily to advance an environmental objective for which TSC do not yet exist: (i) studies related to wind power, (ii) flood risk management, (iii) monitoring and management of water levels, and (iv) improvement of water quality and anticipation on higher (fresh) water levels. Sustainalytics notes that this does not infer that such expenditures do not contribute to climate change mitigation and/or adaptation (please see Section 1) and still have a positive environmental impact. Once the EU Commission discloses relevant criteria, Sustainalytics further notes that such expenditures may significantly contribute to climate change mitigation and/or adaptation within the scope of the EU Taxonomy.

The results of this assessment are as follows:

1. Technical Screening Criteria (“TSC”)
 - Sustainalytics assessed eight economic activities outlined in the Framework. They all align with the applicable TSC of the EU Taxonomy.
2. Do No Significant Harm (“DNSH”) Criteria
 - All the economic activities and associated eligibility criteria align with the applicable DNSH criteria.
 - The eight activities have a total of thirty-two individual DNSH criteria (across all environmental objectives) applicable and align with all of them except two criteria not applicable.
3. Minimum Safeguards
 - Based on the analysis of the regulatory framework in the State of the Netherlands and a project evaluation and selection process that adhere to internationally recognized guidelines, Sustainalytics is of the opinion that the EU Taxonomy’s Minimum Safeguards requirements will be met.
 - For Sustainalytics’ assessment of alignment with the Minimum Safeguard see Section 2 below.

Table 1 provides an overview of the alignment of the State of the Netherlands’s Framework with the TSC and DNSH criteria for the corresponding NACE activities in the EU Taxonomy

Table 1: Summary of Alignment of Framework Criteria with the EU Taxonomy

Framework Criterion	Alignment with Taxonomy Criteria		Alignment per EU Environmental Objective					
	TSC	DNSH	Mitigation	Adaptation	Water	Circular Economy	Pollution	Eco-systems
Electricity generation using solar photovoltaic technology	■	■	■	■	-	■	-	■
Electricity generation from wind power	■	■	■	■	■	■	-	■
Transmission and distribution networks for renewable and low-carbon gases	■	■	■	■	■	-	¹³	■
Infrastructure for personal mobility, cycle logistics	■	■	■	■	■	■	■	■
Infrastructure for rail transport	■	■	■	■	■	■	■	■
Infrastructure enabling low-carbon road transport and public transport	■	■	■	■	■	■	■	■
Renovation of existing buildings	■	■	■	■	¹⁴	■	■	-

¹³ Sustainalytics notes that there are Do No Significant Harm criteria for Pollution Prevention and Control under this Activity. However, the DSTA has confirmed that fans, compressors and pumps will not be financed. Therefore, this criterion is not applicable.

¹⁴ This criterion is not applicable in the absence of commercial buildings.

	TSC	DNSH	Adaptation	Mitigation	Water	Circular Economy	Pollution	Eco-systems
Construction, extension and operation of water collection, treatment and supply systems	■	■	■	-	■	-	-	■

Legend	
Aligned	■
Partially aligned	▣
Not aligned	☒
No applicable DNSH criteria for this Objective and/or Activity	-
Grey shading indicates the primary EU Environmental Objective	

Section 2: Climate Change Strategy of the Netherlands

Contribution of the Framework to the Netherlands' climate strategy

The Netherlands supports the Paris Agreement on Climate Change commitment to limit the global average temperature well below 2°C.¹⁵ In this context, the overarching objective of the Netherlands is to be “climate neutral” by 2050 at the latest, with an intermediate target of 55% reduction by 2030, compared to 1990 levels.¹⁶ Policy will focus on greater reductions, which will amount to approximately 60% in 2030. The Netherlands will continue pursuing carbon emission reductions after 2030 and aims for a reduction of 70% by 2035 and 80% by 2040. The Climate Act^{17,18} sets the legally binding GHG emissions reduction targets while the Climate Plan, the National Energy and Climate Plan (“NECP”)¹⁹, and the National Climate Agreement²⁰ elaborate on the policy priorities and measures to reach the Country’s climate goals.²¹

In 2019, during the case of the Urgenda Foundation against the Dutch State, the Supreme Court ruled that the Netherlands must reduce GHG emissions by 25% compared to 1990 levels by 2020.²² In 2020, the Country met the emission target, but emissions increased in 2021 and were only 23.9% lower than in 1990.^{23, 24} However, the government is committed to achieving this target and those set in the Coalition Agreement.

To assess the contribution of the Framework towards the Netherlands’ climate goals, Sustainalytics has reviewed the sectoral policies and strategies that apply to each use of proceeds categories, as follows:

- Renewables accounted for 33% of total electricity generation in 2021, and the Netherlands seeks to increase renewable power production substantially.²⁵ To decarbonize heat and electricity generation by 2030,²⁶ the government will continue to support the development of energy from renewable sources, such as offshore wind energy, solar energy, geothermal energy/heat, aqua thermal energy, and hydrogen.²⁷ By 2050, the Country aims to reach a carbon-free electricity system having set the

¹⁵ Ministry of Economic Affairs and Climate Policy, “Integrated National Energy and Climate Plan 2021-2030”, November 2019, at: https://ec.europa.eu/energy/sites/ener/files/documents/nl_final_necp_main_en.pdf

¹⁶ The decision has been taken by the 2021-2025 Coalition Agreement and will enter into force by 1 July 2022 within the Climate Act (*Klimaatwet*).

¹⁷ Overheid, “Klimaatwet”, (2022), at: <https://wetten.overheid.nl/BWBR0042394/2020-01-01>

¹⁸ The Climate Act will be updated based on the new climate targets set in the new coalition agreement.

¹⁹ Ministry of Economic Affairs and Climate Policy, “Integrated National Energy and Climate Plan 2021-2030”, November 2019, at: https://ec.europa.eu/energy/sites/ener/files/documents/nl_final_necp_main_en.pdf

²⁰ Klimaatakkoord, “National Climate Agreement – The Netherlands, (2019), at: <https://www.klimaatakkoord.nl/documenten/publicaties/2019/06/28/national-climate-agreement-the-netherlands>

²¹ Government of the Netherlands, “Climate Policy”, at <https://www.government.nl/topics/climate-change/climate-policy#:~:text=To%20combat%20climate%20change%2C%20the,Act%20on%20May%2028%2C%202019.>

²² HR, “Dutch State to reduce greenhouse gas emissions by 25% by the end of 2020”, Dec 2019, at:

<https://www.hogeraad.nl/actueel/nieuwsoverzicht/2019/december/dutch-state-case-reduce-greenhouse-gas-emissions/>

²³ CBS, “Urgenda target for greenhouse gas emissions in 2020 achieved”, Feb 2022, at: <https://www.cbs.nl/en-nl/nieuws/2022/06/urgenda-doel-uitstoot-broeikasgassen-in-2020-gehaald>

²⁴ CBS, “Greenhouse gas emissions 2.1 percent higher in 2021” March 2022, at: <https://www.cbs.nl/en-gb/news/2022/11/greenhouse-gas-emissions-2-1-percent-higher-in-2021>

²⁵ Climate Agreement, Topical News, Dec 2021, at: <https://www.klimaatakkoord.nl/actueel/nieuws/2021/12/29/jaarbericht-energieopwek>

²⁶ The Netherlands aims at achieving a “climate-neutral energy supply” by 2030.

²⁷ The Government of Netherlands, “Coalition agreement Looking out for each other, looking ahead to the future”, Dec 2021, at: <https://www.government.nl/documents/publicaties/2022/01/10/2021-2025-coalition-agreement>

following medium-term supporting target: generate 49 TWh of offshore wind and at least 35 TWh of onshore wind and solar from systems with a capacity above 15 kW by 2030.²⁸ In order to reach this target, the total capacity for offshore wind energy will be doubled to approximately 21 GW by 2030 by developing three additional windfarms.²⁹

- The Netherlands intends to increase the energy efficiency of the built environment and move away from fossil fuel heating sources. The Country is aiming to improve insulation and make natural gas-free 1.5 million residential and other buildings by 2030. By providing low-interest loans or grants to homeowners and setting sectoral agreements with economic sectors, the government intends to increase energy savings by 1.5% annually.³⁰ In addition, the National Insulation Programme details the Netherlands' commitments & policies to improve the built environment's sustainability.³¹
- The Netherlands' strategy for public transportation - "Public Transport in 2040: Outlines of a Vision for the Future"³² – includes reducing transportation-related emissions, seeking to increase public transportation capacity in a context where the network is approaching overload. By 2040, the Country aims to make public transport and bicycles the main modes of transport in urban areas while making the entire public transport sector emission-free. In addition, the Coalition Agreement highlights the ambition for all new cars to have zero tailpipe emissions by 2030, with electric vehicles adoption encouraged by accelerating and improving EV charging infrastructure in the Netherlands.³³
- As the Netherlands is vulnerable to the effects of climate change and specifically sea level rise, climate adaptation is an important topic in the Country's climate strategy. To mitigate the impacts of flooding, drought, and temperature changes, the Dutch Delta Programme provides an overview of regions that are most vulnerable to extreme weather conditions. The Programme aims to ensure that flood risk management is in place and that freshwater supply and spatial planning will be climate-proof and water resilient by 2050.³⁴ As a part of the Coalition Agreement, the Netherlands will work towards revised delta decisions that guarantee safety from flooding, an adequate supply of fresh water, and a futureproof infrastructure. Water and the soil/subsurface will be lead considerations in spatial planning.³⁵

Considering the Dutch GHG emissions reduction targets and defined measures & policies to achieve them, Sustainalytics considers the Netherlands well-positioned to issue green bonds. The expenditures financed under the Framework are in alignment with these priorities and goals. As such, Sustainalytics expects that the proceeds from the green bonds issued under the Framework will contribute to the Country's climate change mitigation efforts and adaptation goals and strategies.

Approach to managing environmental and social risks associated with the expenditures

Sustainalytics recognizes that the net proceeds from the bonds issued under the Framework will be directed towards eligible projects that are expected to have positive environmental impact, Sustainalytics acknowledges that such eligible projects could also lead to negative environmental and social outcomes. These risks include biodiversity loss and community relations risks related to large infrastructure projects and occupational health and safety.

The programmes and projects financed under the Framework are strictly regulated by government policies and procedures required in the Netherlands. Associated risks are mitigated by the following regulations:

- For risks associated with land use change and biodiversity loss, the Netherlands has adopted Environmental Impact Assessment Decree ("Besluit milieueffectrapportage").³⁶ In line with this decree, an Environmental Impact Assessment (EIA), according to the EU Environmental Impact

²⁸ IEA, "The Netherlands 2020 – Energy Policy Review", (2020), at: https://www.connaissancedesenergies.org/sites/default/files/pdf/actualites/The_Netherlands_2020_Energy_Policy_Review.pdf

²⁹ Government of the Netherlands, "Cabinet to double production of offshore wind energy", March 2022, at: <https://www.rijksoverheid.nl/actueel/nieuws/2022/03/18/kabinet-verdubbelt-productie-windenergie-op-zee>

³⁰ Government of the Netherlands, "Central government promotes energy savings", at: <https://www.government.nl/topics/renewable-energy/central-government-promotes-energy-savings>

³¹ The Government of Netherlands, "Coalition agreement Looking out for each other, looking ahead to the future", Dec 2021, at: <https://www.government.nl/documents/publications/2022/01/10/2021-2025-coalition-agreement>

³² Government of the Netherlands, "Public Transport in 2040: Outlines of a Vision for the Future", (2019), at: <https://www.government.nl/topics/mobility-public-transport-and-road-safety/documents/publications/2019/06/13/public-transport-in-2040-outlines-of-a-vision-for-the-future>

³³ The Government of Netherlands, "Coalition agreement Looking out for each other, looking ahead to the future", Dec 2021, at: <https://www.government.nl/documents/publications/2022/01/10/2021-2025-coalition-agreement>

³⁴ Government of Netherlands, "Delta Programme 2021: Accelerating and intensifying in order to achieve the goals for 2050", Sept 2021, <https://english.deltaprogramma.nl/news/news/2020/09/15/delta-programme-2021-accelerating-and-intensifying-in-order-to-achieve-the-goals-for-2050>

³⁵ Ibid.

³⁶ Overheid.nl, "Besluit milieueffectrapportage - Environmental Impact Assessment Decree", at: <https://wetten.overheid.nl/BWBR0006788/2020-12-18>

Assessment (EIA) Directive 2014/52/EU, must be carried out prior to project development for certain activities, including offshore wind projects and the construction of new railways.³⁷ The Directive aims to ensure that projects which are likely to have significant impact on the environment are adequately assessed before approval. The Directive requires that measures must be taken to “avoid, prevent, reduce and if possible, offset significant adverse effects on the environment, in particular on species and habitats”.³⁸ In an environmental performance review conducted by the OECD in 2015, the Country was recognized for its strong environmental protection policies.³⁹

- The Netherlands is classified as “Designated Country” under the Equator Principles, implying the presence of robust environment and social governance systems, legislation, and institutional capacity for protecting the environment and communities. Furthermore, the laws and regulations in the Country related to zoning, integrated environmental permits and exemptions, including specific construction-related permits and additional approvals, must be considered. Regarding environmental risks for construction projects, legislation may apply to soil protection, water abstraction, noise and vibration abatement, nature conservation, and heritage.⁴⁰
- In recent years, the Dutch Government has placed a focus on accessibility and transparency of its regulatory processes. It has been promoting the use of public consultations used to consult on draft proposals for legislation as well as on policy documents.⁴¹ These processes help to include stakeholders in the regulatory environment, giving them rights to opine and challenge project and policy development decisions. Stakeholder participation happens in two moments: (1) during the initial decision-making phase in a consultative capacity and (2) after a decision has been made, when stakeholders can challenge decision through an administrative court.
- The Netherlands requires employers to develop health and safety policies that meet minimum requirements, and to provide a safe working place, identify and mitigate potential safety hazards, and provide proper training and education.⁴² This includes the Working Conditions Law *Arbeidsomstandighedenwet* (or *Arbowet*), which requires an official inspector to supervise and assess compliance with labour legislation. The law holds employers and employees collectively responsible for ensuring safe working conditions by creating health and safety procedures that are then submitted to the government.⁴³ Further, the reporting of construction projects to the Netherlands Labour Authority is mandatory. Such projects are required to have a Health and Safety plan in place that must contain a risk inventory and evaluation of planned project activities.⁴⁴

Sustainalytics is of the opinion that the policies and procedures described above are adequate for mitigating the environmental and social risks associated with the development of large-scale renewable energy, public transportation and water infrastructure. Based on the policies, standards and processes described above, Sustainalytics is of the opinion that The State of the Netherlands has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Alignment with the EU Taxonomy’s Minimum Safeguards

The EU Taxonomy recommends that issuers have policies aligned with international and regional guidelines and regulations pertaining to human rights, labour rights, and combating bribery and corruption. Specifically, activities should be carried out in alignment with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. Additionally, issuers should be in compliance with the International Labour Organisation’s (ILO) declaration on Fundamental Rights and Principles at Work.

³⁷ EIA Decree (2018) see Part C for list of activities that require a mandatory EIA.

³⁸ EUR-Lex, “Directive 2014/52/EU of the European Parliament and of the Council of 16 April 2014 amending Directive 2011/92/EU on the assessment of the effects of certain public and private projects on the environment Text with EEA relevance”, at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32014L0052>

³⁹ OECD Environmental Performance Review of the Netherlands available at: <http://www.oecd.org/environment/country-reviews/2958654.pdf>

⁴⁰ Equator Principles, “Designated Countries”, at: October 2021, at: <https://equator-principles.com/about-the-equator-principles/designated-countries/>

⁴¹ OECD, “OECD Regulatory Policy Outlook 2015 Netherlands”, at: <https://www.oecd.org/gov/regulatory-policy/Netherlands-web.pdf>

⁴² OSH WIKI at: https://oshwiki.eu/wiki/OSH_system_at_national_level_-_Netherlands

⁴³ Overheid.nl, “Working Condition Act”, at: <https://wetten.overheid.nl/BWBR0010346/2021-07-01>;

<https://www.rijksoverheid.nl/onderwerpen/arbeidsomstandigheden/arbobeleid>

⁴⁴ Government of Netherlands, “Health and Safety Plan for construction projects”, at: <https://business.gov.nl/regulation/health-safety-plan-construction-projects/>

Human and Labour Rights

The State of the Netherlands has implemented the following plans and codes of conduct that are aimed at ensuring human and labour rights:

- The State of the Netherlands has developed the National Action Plan on Business and Human Rights in accordance with the UN Guiding Principles on Business and Human rights. The National Action Plan outlines three points of action which include: (i) the Dutch State's obligation to respect, protect and fulfill human rights, (ii) the responsibility of businesses to respect human rights, and (iii) the responsibility of the Dutch State and businesses to ensure that victims of human rights abuse have access to effective remedies.⁴⁵
- The Dutch State has in place the Dutch Code of Conduct for Integrity in the Central Public Administration, which was implemented in 2016. This code of conduct aims to ensure that the Dutch State acts with integrity and functions in an honest, reliable and respectful manner. The code outlines specific standards for conflicts of interest, information privacy and use of government resources.⁴⁶
- The Dutch State complies with major international human and labour rights standards including the OECD Guidelines for Multinational Enterprises; the European Social Charter; the International Covenant on Civil and Political Rights and the Convention for the Protection of Human Rights and Fundamental Freedoms.⁴⁷

Anti-bribery and anti-corruption

The State of the Netherlands has implemented the following codes of conduct in line with international treaties that are aimed at ensuring anti-bribery and anti-corruption:

- The anti-bribery and anti-corruption framework in the Netherlands is underpinned by two main pieces of legislation, namely the Dutch Criminal Code and the Dutch Criminal Procedure Code. Bribing a public official with the intent to induce that individual to perform a prohibited or unlawful act is a public offence under Article 177 of the Dutch Criminal Code. In addition, a public official is punishable for accepting or requesting a bribe under Article 363 of the Dutch Criminal Code.
- The Dutch State is signatory to several international treaties and agreements including the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions 1997; the UN Convention against Corruption 2003 and The EU Convention on the Protection of the European Communities' Financial Interests 1995.⁴⁸

Sustainalytics has, based on the work of its research services, evaluated the conduct of the State of the Netherlands in the areas of human and labour rights and anti-bribery and anti-corruption. On this account, Sustainalytics has not detected involvement in any significant controversies which would suggest that the above codes are not being implemented effectively. Sustainalytics is of the opinion that the State of the Netherlands' national plans, codes of conduct and adherence to international standards and treaties are sufficient to demonstrate that the activities and projects to be financed under the Framework will be carried out in alignment with the EU taxonomy's Minimum Safeguards.

Sustainalytics has evaluated the codes implemented in the State of the Netherlands regarding human and labor rights, anti-bribery, and anti-corruption. Sustainalytics considers that the Netherlands has effectively implemented the relevant laws and regulations. In addition, Sustainalytics notes that an interdepartmental Green Bond Working Group will be selecting eligible green expenditures financed under the Framework. The green expenditures must adhere to internationally recognized guidelines, such as the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. Further, Sustainalytics is of the opinion that the Netherlands' national plans, codes of conduct, and adherence to international

⁴⁵ Government of the Netherlands, "Revision of the National Action Plan on Business and Human Rights", at: <https://www.government.nl/topics/responsible-business-conduct-rbc/national-action-plan-on-business-and-human-rights>

⁴⁶ Government of the Netherlands, "Code of Conduct for Integrity in the Central Public Administration 2016", at: <https://www.government.nl/documents/decrees/2017/02/10/code-of-conduct-for-integrity-in-the-central-public-administration-2016>

⁴⁷ The Dutch State further complies with the following international human and labour rights standards: (i) The International Covenant on Economic, Social and Cultural Rights; (ii) The International Convention on the Elimination of All Forms of Racial Discrimination; (iii) The Convention on the Elimination of All Forms of Discrimination against Women; (iv) The Optional Protocol to the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment; (v) The Convention on the Rights of the Child and (vi) The International Convention for the Protection of All Persons from Enforced Disappearance.

⁴⁸ The Dutch State is a signatory to the following additional international treaties and agreements related to anti-bribery and anti-corruption including The Convention drawn up on the basis of Section K.3(2)(c) of the Treaty on European Union on the fight against corruption involving officials of the European Communities or officials of Member States of the European Union 1997; The Statute of the Group of States against Corruption 1998; The Criminal Law Convention on Corruption 1999 and its addition protocol 2003 and The Civil Law Convention on Corruption 1999.

standards and treaties demonstrate that the activities and projects will be carried out in alignment with the EU Taxonomy's Minimum Safeguards.

Section 3: Impact of Use of Proceeds

All four use of proceeds categories are aligned with those recognized by the GBP. Sustainalytics has focused on two categories below where the impact is specifically relevant in the local context.

Importance of financing public transport infrastructure in the Netherlands

Fuel combustion in transport accounted for 17.2% of total GHG emissions in the Netherlands in 2019.⁴⁹ GHG emissions from the transport sector peaked in 2006, increasing by 30% compared to 1990 and decreasing by 15% between 2006 and 2019.⁵⁰ In 2019, road transportation contributed 96% of the transport sector's GHG emissions.⁵¹ This is reinforced by the fact that travel by car remains the most popular mode of transport in terms of the number of journeys, duration and distance travelled which reinforces the need to encourage a modal shift towards lower-carbon means of transport, such as rail.⁵²

Rail transport is a minor source of the total national GHG emissions, as it accounted for just 0.04% of emissions from the transport sector in 2019.⁵³ The low emissions intensity of rail transport is attributed to the fact that 91% of passenger rail is fully electrified and, since 2017, in addition all passenger rail in the Netherlands is powered entirely by wind energy.^{54,55} Travel by mode of bicycle represented 27.9% of the total number of journeys in the Netherlands in 2019, which indicates that a large portion of travel is currently climate neutral.⁵⁶ However, the average distance travelled is expected to increase, as more residents in the Netherlands move away from cities due to rising house prices and increased ease of mobility.⁵⁷ Simultaneously, it is expected that public transport use will grow by 30-40% by 2040 compared to 2019.⁵⁸ As average travel distances increase and pressure on the current public transport system mounts, it is vital that transport infrastructure continues to meet demand in a sustainable and reliable manner.

Considering the above, Sustainalytics is of the opinion that the State of the Netherlands' clean transportation infrastructure expenditures are expected to promote greater use of low-carbon modes of transport, such as rail, and reduce overall GHG emissions from the transport sector.

The need to enhance climate change adaptation and sustainable water management in the Netherlands

The Netherlands is situated on a river delta in Western Europe. Engineering and water management techniques have allowed the country to prosper even though nearly two-thirds of its territory lies below sea level.⁵⁹ The country is exposed to physical risks from climate change, such as flooding from rising sea levels, riverine flooding, storm surges, and changes in freshwater supply.⁶⁰ Currently, the government estimates that if no additional adaptation measures are taken against climate change, damage could amount to between EUR 77.5 and 173.6 billion by 2050.⁶¹ To mitigate the country's exposure to the physical risks from climate change, the Netherlands implemented the 2016 National Climate Adaptation Strategy (NAS).⁶² The strategy

⁴⁹ National Institute for Public Health and the Environment, "Greenhouse gas emissions in the Netherlands 1990-2019", (2021), at: <https://www.rivm.nl/bibliotheek/rapporten/2021-0007.pdf>

⁵⁰ Ibid.

⁵¹ National Institute for Public Health and the Environment, "Greenhouse gas emissions in the Netherlands 1990-2019", (2021), at: <https://www.rivm.nl/bibliotheek/rapporten/2021-0007.pdf>

⁵² CBS, "How much did residents of the Netherlands travel and how?", (2019), at: <https://www.cbs.nl/nl-nl/visualisaties/verkeer-en-vervoer/personen/hoeveel-reisden-inwoners-van-nederland-en-hoe->

⁵³ Ibid.

⁵⁴ According to information provided by the State of the Netherlands in 2019.

⁵⁵ Nederlandse Spoorwegen, "Green Train", at: <http://groenetrein.ns.nl/>

⁵⁶ CBS, "How much did residents of the Netherlands travel and how?", (2019), at: <https://www.cbs.nl/nl-nl/visualisaties/verkeer-en-vervoer/personen/hoeveel-reisden-inwoners-van-nederland-en-hoe->

⁵⁷ Netherlands Environmental Agency, "Dagelijkse verplaatsingspatronen: intensivering van stedelijke netwerken?", (2020), at:

<https://www.pbl.nl/publicaties/dagelijkse-verplaatsingspatronen-intensivering-van-stedelijke-netwerken>

⁵⁸ Government of the Netherlands, "Public Transport in 2040", (2019), <https://www.government.nl/topics/mobility-public-transport-and-road-safety/documents/reports/2019/05/13/public-transport-in-2040>

⁵⁹ Ministry of Infrastructure and Water Management, "Water Management in the Netherlands", (2019), at: <https://vnrgemeenten.nl/wp-content/uploads/2019/09/Watermanagement-in-Nederland-engelse-versie.pdf>

⁶⁰ Government of the Netherlands, "National climate adaptation strategy 2016", at: <https://klimaatadaptatienederland.nl/en/policy-programmes/nas/>

⁶¹ Dutch Government, "Preparing the Netherlands for the consequences of climate change", at:

<https://www.rijksoverheid.nl/onderwerpen/klimaatverandering/klimaatadaptatie>

⁶² Government of the Netherlands, "National climate adaptation strategy 2016", at: <https://klimaatadaptatienederland.nl/en/policy-programmes/nas/>

focuses on several climate change related risks, including the potential failure of critical infrastructure networks, such as dykes, barriers and pumps, as a result of extreme weather events.

The storm surge of 1953 led to a major flood event in the Netherlands, which resulted in 1,835 fatalities and widespread flooding of the densely populated southwest delta. After this, the Delta Commission was established, and laws were introduced to ensure that flood defenses were able to withstand a water level with an annual probability of 1/10,000.⁶³ In addition, the Dutch Government introduced the Delta Programme which aims to ensure adequate flood risk management, freshwater supply, and spatial planning, to ensure that the Netherlands will be a climate-proof and water-resilient country by 2050.⁶⁴ As part of the Delta Programme, the National Flood Protection Programme sets out measures that are required to ensure that the primary flood defense systems meet statutory safety standards. The National Flood Protection Programme has set out planned dyke improvements which cover a total of 1500 km as well as funded projects which promote innovative defense solutions.⁶⁵

Considering the above, Sustainalytics is of the opinion that the expenditures under the Delta Programme and the National Climate Adaptation Strategy will directly contribute to flood risk management and improved climate resilience of the Netherlands.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by the year 2030. The bonds issued under the State of the Netherlands Green Bond Framework are expected to advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Energy Efficiency	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
	11. Sustainable Cities and Communities	11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums
Clean Transportation	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
Climate Change Adaptation & Sustainable Water Management	6. Clean Water and Sanitation	6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all
	13. Climate Action	13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries 13.2 Integrate climate change measures into national policies, strategies and planning

⁶³Government of the Netherlands, "Flood risk in the Netherlands", at: <https://www.helpdeskwater.nl/onderwerpen/waterveiligheid/programma-projecten/veiligheid-nederland/english/flood-risk-the/>

⁶⁴ Government of the Netherlands, "National Delta Programme", at: <https://english.deltaprogramma.nl/>

⁶⁵ Government of the Netherlands, "National Delta Programme", at: <https://english.deltaprogramma.nl/>

Conclusion

The State of the Netherlands has developed the State of the Netherlands Green Bond Framework under which it may issue green bonds to finance and/or refinance, in whole or in part, expenditures which are part of the Central Government Budget and contribute to the EU Environmental Objectives of Climate Change Mitigation and Climate Change Adaptation. The proceeds of such green bonds will be used to finance and/or refinance different national programs in the form of subsidies, tax credits, infrastructure projects and operational expenditures amongst others. Sustainalytics expects the activities to assist the Netherlands in decarbonizing the Country's energy, housing, and transportation sector and increasing resilience to climate change.

The State of the Netherlands Green Bond Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the State of the Netherlands Green Bond Framework is aligned with the overall national sustainability strategy and that the green use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 6, 7, 9, 11 and 13. Additionally, Sustainalytics is of the opinion that the State of the Netherlands has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

Sustainalytics has assessed the State of the Netherlands's Green Bond Framework for alignment with the EU Taxonomy, and is of the opinion that, of the Framework's four use of proceeds categories which map to eight EU activities, all align with the applicable Technical Screening Criteria ("TSC") in the EU Taxonomy and Do No Significant Harm Criteria. Sustainalytics is also of the opinion that the activities and projects to be financed under the Framework will be carried out in alignment with the EU Taxonomy's Minimum Safeguards.

Based on the above, Sustainalytics is confident that the State of the Netherlands is well-positioned to issue green bonds and that the State of the Netherlands Green Bond Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2021.

Comprehensive EU Taxonomy Alignment Assessment and Appendices

Appendix 1: Approach to Assessing Alignment with the EU Taxonomy

Sustainalytics has assessed each of the eligible green use of proceeds criteria in the Framework against the criteria for the relevant NACE⁶⁶ activity in the EU Taxonomy. This appendix describes Sustainalytics' process and presents the outcome of its assessment of alignment with the Taxonomy's applicable Technical Screening Criteria (TSC) and Do No Significant Harm (DNSH) criteria. Sustainalytics' assessment involves two steps:

1. Mapping Framework Criteria to Activities in the EU Taxonomy

The initial step in Sustainalytics' assessment process involves mapping each criterion in the Framework to a relevant and applicable NACE activity in the EU Taxonomy. Note that each Framework criterion may be relevant and applicable to more than one NACE activity and vice versa. Sustainalytics recognizes that some Framework criteria relate to projects that do not map well to a NACE activity. In such cases, Sustainalytics has mapped to the NACE activity that is most relevant with respect to the primary environmental objective and impacts.

In some cases, the Framework criteria cannot be mapped to an activity in the EU Taxonomy, as some activities are not yet covered by the Taxonomy, and some categories which are traditionally included in green bonds may not be associated with a specific economic activity. While recognizing that financing projects in these areas may still have environmental benefits, Sustainalytics has not assessed these criteria for alignment.

The outcome of Sustainalytics' mapping process for the State of the Netherlands Framework is shown in Table 2 below.

2. Determining Alignment with EU Taxonomy Criteria

The second step in Sustainalytics' process is to determine the alignment of each criterion with relevant criteria in the EU Taxonomy. Alignment with the TSC and DNSH criteria is usually based on the specific criteria contained in the issuer's Framework, and may in many cases (especially DNSH criteria) also be based on management systems and processes and/or regulatory compliance. To assess alignment with the EU Taxonomy's Minimum Safeguards Sustainalytics has conducted an assessment of policies, management systems and processes applicable to the use of proceeds, as well as examining the regulatory context in the geographical location in which the issuer will finance activities and projects. (This assessment is included in Section 2, above.)

In cases where the Framework criteria describe projects which are intended to advance EU environmental objectives other than Climate Mitigation or Climate Adaptation, the Taxonomy does not include relevant TSC. In these cases, Sustainalytics has assessed the activity for alignment with the DNSH criteria across all objectives.

Sustainalytics' detailed assessment of alignment is provided in Appendix 2.

Table 2: Framework mapping table

Framework Category	Framework Criterion (Eligible Use of Proceeds)	EU / NACE Activity	NACE Code	Primary EU Environmental Objective	Refer to Table
Renewable Energy	Solar energy generation (PV)	Electricity generation using solar photovoltaic technology	D35.11, F42.22	Mitigation	Table 3
	Wind energy generation (onshore and offshore)	Electricity generation from wind power	D35.11, F42.22		Table 4
	Transmission and Distribution	Transmission and distribution networks for renewable and low-carbon gases	D35.12, D35.13		Table 5
Clean Transportation	Clean Transportation	Infrastructure for personal mobility, cycle logistics	F42.11, F42.12, F43.21, F71.1 and F71.20	Mitigation	Table 6

⁶⁶ The EU Taxonomy is based on economic activities defined in NACE (Nomenclature des Activités Économiques dans la Communauté Européenne). The Taxonomy currently lists 70 economic activities which have been chosen due to their ability to substantially contribute to climate change mitigation or adaptation.

	Clean Transportation – Electric rail infrastructure	Infrastructure for rail transport	F42.12, F42.13, M71.12, M71.20, F43.21, and H52.21		Table 7
	Clean Transportation	Infrastructure enabling low-carbon road transport and public transport	F42.11, F42.13, F71.1 and F71.20		Table 8
Energy Efficiency	Energy Efficiency	Renovation of existing buildings	F41, F43	Mitigation	Table 9
Adaptation	Climate Change Adaptation & Sustainable Water Management	Construction, extension and operation of water collection, treatment and supply systems	E36.00 and F42.99	Adaptation	Table 10

Appendix 2: Comprehensive EU Taxonomy Alignment Assessment

The tables below provide a detailed assessment of the alignment of Issuer’s Framework criteria with the EU Taxonomy’s TSC and DNSH criteria for the relevant NACE activity.

Table 3

Framework Activity assessed		Solar energy generation (PV)	
EU Activity		Electricity generation from solar photovoltaic technology	
NACE Code		D35.11, F42.22	
<i>EU Technical Screening Criteria</i>		<i>Alignment with Technical Screening Criteria</i>	
Mitigation	The activity generates electricity using solar PV technology.	Eligible by default.	Aligned
<i>DNSH Criteria</i>		<i>Alignment with DNSH Criteria</i>	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 12		Aligned
Transition to a circular economy	The activity assesses availability of and, where feasible, uses equipment and components of high durability and recyclability and that are easy to dismantle and refurbish.	<p>The Directive 2012/19/EU on Waste Electrical and Electronic Equipment Directive (WEEE) regulates the treatment of electrical and electronic waste at the end of their life cycle. WEEE set the fundamental legalities and obligations for collecting and recycling photovoltaic panels in the EU, including setting minimum collection and recovery targets. Moreover, as a part of the WEEE Directive 2012/19/EU, the original producers of electronic and electric equipment are responsible for the recovery and recycling of these goods at no additional cost to the end consumer within all countries of the European Union. This is founded in line with the OECD’s Extended Producer Responsibility policy approach which aims to promote more efficient product design and greater recycling rates. The Netherlands transposed the Directive 2012/19/EU in its legislation i.e., Regulation Discarded Electric and Electronic Equipment.</p> <p>In addition, since March 2021, producers or importers of solar panels in the Netherlands must be affiliated with the Organization for Producer Responsibility for E-waste Netherlands Foundation (the OPEN Foundation). The OPEN Foundation arranges compliance with the Directive 2012/12/EU. This implies the collection and recycling of solar panels and any associated</p>	Aligned

		registrations. In June 2021, 96% of raw materials were already recovered from old panels.	
Protection and restoration of biodiversity and ecosystems	Refer to the assessment set out in Appendix 3, Table 13		Aligned

Table 4

Framework Activity assessed	Wind energy generation (onshore and offshore)		
EU Activity	Electricity generation from wind power		
NACE Code	D35.11, F42.22		
<i>EU Technical Screening Criteria</i>		<i>Alignment with Technical Screening Criteria</i>	
Mitigation	The activity generates electricity from wind power.	Eligible by default.	Aligned
<i>DNSH Criteria</i>		<i>Alignment with DNSH Criteria</i>	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 12		Aligned
Sustainable use and protection of water and marine resources	In case of construction of offshore wind, the activity does not hamper the achievement of good environmental status as set out in Directive 2008/56/EC of the European Parliament and of the Council, requiring that the appropriate measures are taken to prevent or mitigate impacts in relation to that Directive’s Descriptor 11 (Noise/Energy), laid down in Annex I to that Directive, and as set out in Commission Decision (EU) 2017/848(159) in relation to the relevant criteria and methodological standards for that descriptor.	<p>Descriptor 11 prescribes that the “introduction of energy, including underwater noise, is at levels that do not adversely affect the marine environment” as a characteristic of good environmental status in a marine region or subregion.</p> <p>The Netherlands implemented Directive 2008/56/EC in national legislation i.e., within ‘Wet Milieubeheer’ and ‘Waterbesluit’. The Waterbesluit elaborates on how the activity does not hamper the achievement of good environmental status set out in the Directive. In addition, the North Sea Program 2022-2027 introduces a new policy on underwater noise that seeks to “reduce underwater noise by implementing a noise budget for seismic research”.</p> <p>Furthermore, the Waterbesluit set general requirements for existing and new offshore wind farms. Rijkswaterstaat supervises the noise produced by the construction of offshore wind turbines. Contractors are obliged to measure the noise and send the results to Rijkswaterstaat. In addition, Rijkswaterstaat performs control measurements randomly.</p>	Aligned

<p>Transition to a circular economy</p>	<p>The activity assesses availability of and, where feasible, uses equipment and components of high durability and recyclability and that are easy to dismantle and refurbish.</p>	<p>The dismantling of wind turbines is regulated by the Building Decree 2012.</p> <p>There are currently limited options to recycle the composite materials that make up a large part of the discarded wind turbine blades. The wind turbine industry and the Netherlands are committed to developing technologies to improve reuse or recyclability.</p> <p>The National Waste Management Plan sets out the policy for waste management in the Netherlands. The Third Waste Management Plan covers the period 2017-2023. It formulates several following waste policy objectives, including (i) restricting the creation of waste, (ii) restricting the burden of production chains on the environment, and (iii) optimizing the use of waste in a circular economy.</p> <p>To the extent relevant, technology suppliers must comply with Directive 2012/19/EU on waste electrical and electronic equipment (“WEEE Directive”).</p>	<p>Aligned</p>
<p>Protection and restoration of biodiversity and ecosystems</p>	<p>In case of offshore wind, the activity does not hamper the achievement of good environmental status as set out in Directive 2008/56/EC, requiring that the appropriate measures are taken to prevent or mitigate impacts in relation to that Directive’s Descriptors 1 (biodiversity) and 6 (seabed integrity), laid down in Annex I to that Directive, and as set out in Decision (EU) 2017/848 in relation to the relevant criteria and methodological standards for those descriptors.</p> <p>Refer to the assessment set out in Appendix 3, Table 13</p>	<p>The Netherlands implemented Directive 2008/56/EC in national legislation i.e., within ‘Wet Milieubeheer’ and ‘Waterbesluit’. The Waterbesluit elaborates on how the activity does not hamper the achievement of good environmental status set out in the Directive.</p>	<p>Aligned</p>

Table 5

<p>Framework Activity assessed</p>	<p>Transmission and Distribution</p>		
<p>EU Activity</p>	<p>Transmission and distribution networks for renewable and low-carbon gases</p>		
<p>NACE Code</p>	<p>D35.11, F42.22</p>		
<p><i>EU Technical Screening Criteria</i></p>		<p><i>Alignment with Technical Screening Criteria</i></p>	
<p>Mitigation</p>	<p>1. The activity consists in one of the following:</p>	<p>The Netherlands may finance activities in compliance with (a) and/or (b). As the activities are 100% hydrogen, no methane</p>	<p>Aligned</p>

	<p>(a) construction or operation of new transmission and distribution networks dedicated to hydrogen or other low-carbon gases;</p> <p>(b) conversion/repurposing of existing natural gas networks to 100% hydrogen;</p> <p>(c) retrofit of gas transmission and distribution networks that enables the integration of hydrogen and other low-carbon gases in the network, including any gas transmission or distribution network activity that enables the increase of the blend of hydrogen or other low carbon gasses in the gas system;</p> <p>2. The activity includes leak detection and repair of existing gas pipelines and other network elements to reduce methane leakage.</p>	<p>leakage is possible. Sustainalytics considers the activities to fully align with the TSC.</p>	
<i>DNSH Criteria</i>		<i>Alignment with DNSH Criteria</i>	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 12		Aligned
Sustainable use and protection of water and marine resources	The activity complies with the criteria set out in Appendix B to the Annex of the Climate Delegated Act:	<p>The Water Act⁶⁷ and the Spatial Planning Act⁶⁸ account for the management of water resources, water conservation, protection of water zones, groundwater conservation, and management and impose restrictions on constructions near a surface water body or water storage area. One of the three purposes of the Water Act is to “protect and improve the chemical and ecological status of water systems; and allowing water systems to fulfill societal functions.”</p> <p>The Netherlands has implemented the European Water Framework Directive (EWFD, Directive 2000/60/EC). In addition, The Netherlands implemented Regulation (EU) 2020/852 in the ‘Decision execution EU-regulations financial markets’ (Besluit uitvoering EU-verordeningen financiële markten).</p> <p>The DSTA has confirmed that Environmental Impact Assessment is carried out per Directive 2011/92/EU. Where undertaken, EIAs include an assessment of the impact on water following Directive 2000/60/EC. However, regional water authorities, municipalities, basin area coordinators, and provinces also have water management prerogatives. They may conduct potential additional assessments of the impact of the activities on water.</p>	Aligned

⁶⁷ Help Desk Water, “Dutch Water Act”, at: <https://www.helpdeskwater.nl/secundaire-navigatie/english/@176675/dutch-water-act/>

⁶⁸ Government of the Netherlands, “Spatial Planning in The Netherlands”, at: <https://www.government.nl/topics/spatial-planning-and-infrastructure/spatial-planning-in-the-netherlands>

Pollution prevention and control	Fans, compressors, pumps and other equipment used which is covered by Directive 2009/125/EC of the European Parliament and of the Council comply, where relevant, with the top class requirements of the energy label, and with implementing regulations under that Directive and represent the best available technology.	As compression is not foreseen in the setup of the hydrogen backbone, the Pollution prevention and control criteria are not applicable to this activity.	N/A
Protection and restoration of biodiversity and ecosystems	Refer to the assessment set out in Appendix 3, Table 13		Aligned

Table 6

Framework Activity assessed	Clean Transportation		
EU Activity	Infrastructure for personal mobility, cycle logistics		
NACE Code	F42.11, F42.12, F43.21, F71.1 and F71.20		
<i>EU Technical Screening Criteria</i>		<i>Alignment with Technical Screening Criteria</i>	
Mitigation	The infrastructure that is constructed and operated is dedicated to personal mobility or cycle logistics: pavements, bike lanes and pedestrian zones, electrical charging and hydrogen refuelling installations for personal mobility devices.	As part of the Clean Transport category of the Framework, the DSTA intends to finance bicycle storage facilities in areas like railway stations, rail junctions and housing developments, which fulfil the TSC for this EU Activity.	Aligned
<i>DNSH Criteria</i>		<i>Alignment with DNSH Criteria</i>	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 12		Aligned
Sustainable use and protection of water and marine resources	<p>Environmental degradation risks related to preserving water quality and avoiding water stress are identified and addressed with the aim of achieving good water status and good ecological potential as defined in Article 2, points (22) and (23), of Regulation (EU) 2020/852, in accordance with Directive 2000/60/EC and a water use and protection management plan, developed thereunder for the potentially affected water body or bodies, in consultation with relevant stakeholders.</p> <p>Where an Environmental Impact Assessment is carried out in accordance with Directive 2011/92/EU and includes an assessment of the impact on water in accordance with Directive 2000/60/EC, no additional assessment of impact on water is required, provided the risks identified have been addressed.</p>	<p>The Water Act⁶⁹ and the Spatial Planning Act⁷⁰ account for the management of water resources, water conservation, protection of water zones, groundwater conservation, and management and impose restrictions on constructions near a surface water body or water storage area. One of the three purposes of the Water Act is to “protect and improve the chemical and ecological status of water systems; and allowing water systems to fulfill societal functions.”</p> <p>The Netherlands has implemented the European Water Framework Directive (EWF, Directive 2000/60/EC). In addition, The Netherlands implemented Regulation (EU) 2020/852 in the ‘Decision execution EU-regulations financial markets’ (Besluit uitvoering EU-verordeningen financiële markten).</p>	Aligned

⁶⁹ Help Desk Water, “Dutch Water Act”, at: <https://www.helpdeskwater.nl/secundaire-navigatie/english/@176675/dutch-water-act/>

⁷⁰ Government of the Netherlands, “Spatial Planning in The Netherlands”, at: <https://www.government.nl/topics/spatial-planning-and-infrastructure/spatial-planning-in-the-netherlands>

		<p>The DSTA has confirmed that Environmental Impact Assessment is carried out per Directive 2011/92/EU. Where undertaken, EIAs include an assessment of the impact on water following Directive 2000/60/EC. In such a case, no additional assessment of the impact on water is required should the risks have been addressed.</p>	
<p>Transition to a circular economy</p>	<p>At least 70 % (by weight) of the non-hazardous construction and demolition waste (excluding naturally occurring material referred to in category 17 05 04 in the European List of Waste established by Commission Decision 2000/532/EC271) generated on the construction site is prepared for reuse, recycling and other material recovery, including backfilling operations using waste to substitute other materials, in accordance with the waste hierarchy and the EU Construction and Demolition Waste Management Protocol.</p> <p>Operators limit waste generation in processes related to construction and demolition, in accordance with the EU Construction and Demolition Waste Management Protocol, taking into account best available techniques and using selective demolition to enable removal and safe handling of hazardous substances and facilitate reuse and high-quality recycling by selective removal of materials, using available sorting systems for construction and demolition waste.</p>	<p>The Building Decree (bouwbesluit) includes guidelines for the separation, handling and reuse of construction and demolition waste. The Building Decree will be replaced by the Environment and Planning Act from October 2022 and will include all features of the Building Decree.</p> <p>There is no obligation for reusing 70% of the waste generated, as of 2018, the Netherlands had a 100% recycling rate for non-hazardous construction and demolition waste.⁷¹ Additionally, as per the National Waste Management Plan⁷², by 2023 at least 95% of the waste being generated during construction and demolition, needs to be reused or recycled</p> <p>As indicated above, the Netherlands had a 100% recycling rate for non-hazardous construction and demolition waste and is the only EU Member State to have achieved this milestone. Several Dutch measures and initiatives are referenced as best practice examples in the EU Construction and Demolition Waste Management Protocol, such as the Dutch certification scheme for demolition processes. Considering the Netherlands' track record in recycling C&D waste, Sustainalytics notes that the expenditures comply with the criterion.</p>	<p>Aligned</p>
<p>Pollution prevention and control</p>	<p>Measures are taken to reduce noise, dust and pollutant emissions during construction or maintenance works.</p>	<p>The construction activities comply with the Building Decree (bouwbesluit) which includes the Article 8.4 – Undesirable Noise, Article 8.4 a – Undesirable Vibrations and Article 8.5 – Noise Pollution. The Building Decree specifies the daily permissible limits for exposure to noise along with using available techniques to reduce noise generation. The Building Decree will be replaced by the Environment and Planning Act from October 2022 and will include all features of the Building Decree. The exposure to hazardous materials like asbestos and formaldehyde is limited, and follows the maximum permissible limits stated under Article 7.17 of the Building Decree.</p>	<p>Aligned</p>

⁷¹ Eurostat, "Recovery rate of construction and demolition waste", at: https://ec.europa.eu/eurostat/databrowser/view/cej_wm040/default/table?lang=en

⁷² Government of Netherlands, " National Waste Management Plan", at: <https://rwsenvironment.eu/subjects/from-waste-resources/national-activities/national-waste/>

Protection and restoration of biodiversity and ecosystems	Refer to the assessment set out in Appendix 3, Table 13	Aligned
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Table 7

Framework Activity assessed	Clean Transportation		
EU Activity	Infrastructure for rail transport		
NACE Code	F42.12, F42.13, M71.12, M71.20, F43.21, and H52.21		
<i>EU Technical Screening Criteria</i>		<i>Alignment with Technical Screening Criteria</i>	
Mitigation	<p>1. The activity complies with one of the following criteria:</p> <p>(a) the infrastructure (as defined in Annex II.2 to Directive (EU) 2016/797 of the European Parliament and of the Council) is either :</p> <p>(i) electrified trackside infrastructure and associated subsystems: infrastructure, energy, on-board control-command and signalling, and trackside control-command and signalling subsystems as defined in Annex II.2 to Directive (EU)2016/797;</p> <p>(ii) new and existing trackside infrastructure and associated subsystems where there is a plan for electrification as regards line tracks, and, to the extent necessary for electric train operations, as regards sidings, or where the infrastructure will be fit for use by zero tailpipe CO2 emission trains within 10 years from the beginning of the activity: infrastructure, energy, on-board control-command and signalling, and trackside control-command and signalling subsystems as defined in Annex II.2 to Directive (EU)2016/797;</p> <p>(iii) until 2030, existing trackside infrastructure and associated subsystems that are not part of the TEN-T network and its indicative extensions to third countries, nor any nationally, supranationally or internationally defined network of major rail lines: infrastructure, energy, on-board control-command and signalling, and trackside control-command and signalling subsystems as defined in Annex II.2 to Directive (EU) 2016/797;</p> <p>(b) the infrastructure and installations are dedicated to transshipping freight between the modes: terminal infrastructure and superstructures for loading, unloading and transshipment of goods;</p>	<p>The DSTA may finance electrified trackside infrastructure and associated subsystems, in line with the first criterion of the TSC.</p> <p>Infrastructure for freight rail transport of fossil fuel is excluded from the issuance, in line with the second criterion.</p>	Aligned

	(c) infrastructure and installations are 2. The infrastructure is not dedicated to the transport or storage of fossil fuels.		
	DNSH Criteria	Alignment with DNSH Criteria	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 12		Aligned
Sustainable use and protection of water and marine resources	<p>Environmental degradation risks related to preserving water quality and avoiding water stress are identified and addressed with the aim of achieving good water status and good ecological potential as defined in Article 2, points (22) and (23), of Regulation (EU) 2020/852, in accordance with Directive 2000/60/EC⁷⁰ and a water use and protection management plan, developed thereunder for the potentially affected water body or bodies, in consultation with relevant stakeholders.</p> <p>Where an Environmental Impact Assessment is carried out in accordance with Directive 2011/92/EU and includes an assessment of the impact on water in accordance with Directive 2000/60/EC, no additional assessment of impact on water is required, provided the risks identified have been addressed.</p>	<p>The Water Act⁷³ and the Spatial Planning Act⁷⁴ account for the management of water resources, water conservation, protection of water zones, groundwater conservation, and management and impose restrictions on constructions near a surface water body or water storage area. One of the three purposes of the Water Act is to “protect and improve the chemical and ecological status of water systems; and allowing water systems to fulfill societal functions.”</p> <p>The Netherlands has implemented the European Water Framework Directive (EWFD, Directive 2000/60/EC). In addition, The Netherlands implemented Regulation (EU) 2020/852 in the ‘Decision execution EU-regulations financial markets’ (Besluit uitvoering EU-verordeningen financiële markten).</p> <p>The DSTA has confirmed that Environmental Impact Assessment is carried out per Directive 2011/92/EU. Where undertaken, EIAs include an assessment of the impact on water following Directive 2000/60/EC. In such a case, no additional assessment of the impact on water is required should the risks have been addressed.</p>	Aligned
Transition to a circular economy	<p>At least 70% (by weight) of the non-hazardous construction and demolition waste (excluding naturally occurring material defined in category 17 05 04 in the European List of Waste established by Decision 2000/532/EC) generated on the construction site is prepared for reuse, recycling and other material recovery, including backfilling operations using waste to substitute other materials, in accordance with the waste hierarchy and the EU Construction and Demolition Waste Management Protocol.</p> <p>Operators limit waste generation in processes related construction and demolition, in accordance with the EU Construction and Demolition Waste Management Protocol and taking into account best available</p>	<p>The Building Decree (bouwbesluit) includes guidelines for the separation, handling and reuse of non-hazardous construction and demolition waste. Although there is no obligation for reusing 70% of the waste generated, as of 2018, the Netherlands had a 100% recycling rate for non-hazardous construction and demolition waste.⁷⁵ As per the National Waste Management Plan⁷⁶, by 2023 at least 95% of the waste being generated during construction and demolition, needs to be reused or recycled.</p> <p>Further, ProRail – the Dutch public body responsible for the management of the national railway infrastructure – uses 48%</p>	Aligned

⁷³ Help Desk Water, “Dutch Water Act”, at: <https://www.helpdeskwater.nl/secundaire-navigatie/english/@176675/dutch-water-act/>

⁷⁴ Government of the Netherlands, “Spatial Planning in The Netherlands”, at: <https://www.government.nl/topics/spatial-planning-and-infrastructure/spatial-planning-in-the-netherlands>

⁷⁵ Eurostat, “Recovery rate of construction and demolition waste”, at: https://ec.europa.eu/eurostat/databrowser/view/cei_wm040/default/table?lang=en

⁷⁶ Government of Netherlands, “ National Waste Management Plan”, at: <https://rwsenvironment.eu/subjects/from-waste-resources/national-activities/national-waste/>

	<p>techniques and using selective demolition to enable removal and safe handling of hazardous substances and facilitate reuse and high-quality recycling by selective removal of materials, using available sorting systems for construction and demolition waste.</p>	<p>recycled or reprocessed material and engages with suppliers and stakeholders to use renewable and sustainable material.</p> <p>As indicated above, the Netherlands had a 100% recycling rate for non-hazardous construction and demolition waste and is the only EU Member State to have achieved this milestone. Several Dutch measures and initiatives are referenced as best practice examples in the EU Construction and Demolition Waste Management Protocol, such as the Dutch certification scheme for demolition processes. Considering the Netherlands’ track record in recycling C&D waste, Sustainalytics notes that the expenditures comply with the criterion.</p>	
<p>Pollution prevention and control</p>	<p>Where appropriate, given the sensitivity of the area affected, in particular in terms of the size of population affected, noise and vibrations from use of infrastructure are mitigated by introducing open trenches, wall barriers, or other measures and comply with Directive 2002/49/EC of the European Parliament and of the Council.</p> <p>Measures are taken to reduce noise, dust and pollutant emissions during construction or maintenance works.</p>	<p>To limit noise pollution and vibrations, the ‘Noise Nuisance Act’ and the ‘Aviation and Rail Act’ of the Dutch government lay down acceptable noise levels and establish permissible thresholds. The noise ceiling is established for railway operations and a noise register is used to manage the noise being produced.</p> <p>Further, ProRail has in place a multi-year program to make railway tracks quieter by using noise barriers, rail dampers, and facade insulation. Additionally, the Building Decree’s Article 8.4 – Undesirable Noise, provides the thresholds for daily noise exposure and specifies the use of silent techniques to reduce noise generation. The Building Decree will be replaced by the Environment and Planning Act from October 2022 and will include all features of the Building Decree.</p> <p>Generally, noise is covered via the “Wet Geluidshinder”, which includes provisions for the construction and operation of rail infrastructure. Further, the “Besluit omgevingsrecht” contains requirements for combatting dust and other emissions to use the ‘best available techniques’.</p>	<p>Aligned</p>
<p>Protection and restoration of biodiversity and ecosystems</p>	<p>Refer to the assessment set out in Appendix 3, Table 13</p>		<p>Aligned</p>

Table 8

Framework Activity assessed	Clean Transportation		
EU Activity	Infrastructure enabling low-carbon road transport and public transport		
NACE Code	F42.11, F42.13, F71.1 and F71.20		
<i>EU Technical Screening Criteria</i>		<i>Alignment with Technical Screening Criteria</i>	
Mitigation	<p>1. The activity complies with one of the following criteria:</p> <p>(a) the infrastructure is dedicated to the operation of vehicles with zero tailpipe CO₂ emissions: electric charging points, electricity grid connection upgrades, hydrogen fuelling stations or electric road systems (ERS);</p> <p>(b) the infrastructure and installations are dedicated to transshipping freight between the modes: terminal infrastructure and superstructures for loading, unloading and transshipment of goods;</p> <p>(c) the infrastructure and installations are dedicated to urban and suburban public passenger transport, including associated signalling systems for metro, tram and rail systems.</p> <p>2. The infrastructure is not dedicated to the transport or storage of fossil fuels.</p>	<p>The DSTA has confirmed that only road projects for regional urban and suburban public passenger transport which includes fully electric light rail/metro transit systems are considered eligible under this Framework. The DSTA excludes any form of freight transport like fossil fuel transport.</p>	Aligned
<i>DNSH Criteria</i>		<i>Alignment with DNSH Criteria</i>	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 12		Aligned
Sustainable use and protection of water and marine resources	<p>Environmental degradation risks related to preserving water quality and avoiding water stress are identified and addressed with the aim of achieving good water status and good ecological potential as defined in Article 2, points (22) and (23), of Regulation (EU) 2020/852, in accordance with Directive 2000/60/EC⁷⁰ and a water use and protection management plan, developed thereunder for the potentially affected water body or bodies, in consultation with relevant stakeholders.</p> <p>Where an Environmental Impact Assessment is carried out in accordance with Directive 2011/92/EU and includes an assessment of the impact on water in accordance with Directive 2000/60/EC, no additional assessment of impact on water is required, provided the risks identified have been addressed.</p>	<p>The Water Act⁷⁷ and the Spatial Planning Act⁷⁸ account for the management of water resources, water conservation, protection of water zones, groundwater conservation, and management and impose restrictions on constructions near a surface water body or water storage area. One of the three purposes of the Water Act is to “protect and improve the chemical and ecological status of water systems; and allowing water systems to fulfill societal functions.”</p> <p>The Netherlands has implemented the European Water Framework Directive (EWF, Directive 2000/60/EC). In addition, The Netherlands implemented Regulation (EU) 2020/852 in the ‘Decision execution EU-regulations financial markets’ (Besluit uitvoering EU-verordeningen financiële markten).</p>	Aligned

⁷⁷ Help Desk Water, “Dutch Water Act”, at: <https://www.helpdeskwater.nl/secundaire-navigatie/english/@176675/dutch-water-act/>

⁷⁸ Government of the Netherlands, “Spatial Planning in The Netherlands”, at: <https://www.government.nl/topics/spatial-planning-and-infrastructure/spatial-planning-in-the-netherlands>

		The DSTA has confirmed that Environmental Impact Assessment is carried out per Directive 2011/92/EU. Where undertaken, EIAs include an assessment of the impact on water following Directive 2000/60/EC. In such a case, no additional assessment of the impact on water is required should the risks have been addressed.	
Transition to a circular economy	<p>At least 70 % (by weight) of the non-hazardous construction and demolition waste (excluding naturally occurring material defined in category 17 05 04 in the European List of Waste established by Decision 2000/532/EC) generated on the construction site is prepared for reuse, recycling and other material recovery, including backfilling operations using waste to substitute other materials, in accordance with the waste hierarchy and the EU Construction and Demolition Waste Management Protocol.</p> <p>Operators limit waste generation in processes related construction and demolition, in accordance with the EU Construction and Demolition Waste Management Protocol and taking into account best available techniques and using selective demolition to enable removal and safe handling of hazardous substances and facilitate reuse and high-quality recycling by selective removal of materials, using available sorting systems for construction and demolition waste.</p>	<p>The Building Decree (bouwbesluit) includes guidelines for the separation, handling and reuse of non-hazardous construction and demolition waste. The Building Decree will be replaced by the Environment and Planning Act from October 2022 and will include all features of the Building Decree.</p> <p>As per the National Waste Management Plan⁷⁹, by 2023 at least 95% of the waste being generated during construction and demolition, needs to be reused or recycled. Although there is no obligation for reusing 70% of the waste generated, as of 2018, the Netherlands had a 100% recycling rate for non-hazardous construction and demolition waste.⁸⁰</p> <p>As indicated above, the Netherlands had a 100% recycling rate for non-hazardous construction and demolition waste and is the only EU Member State to have achieved this milestone. Several Dutch measures and initiatives are referenced as best practice examples in the EU Construction and Demolition Waste Management Protocol, such as the Dutch certification scheme for demolition processes. Considering the Netherlands' track record in recycling C&D waste, Sustainalytics notes that the expenditures comply with the criterion.</p>	Aligned
Pollution prevention and control	<p>Where relevant, noise and vibrations from use of infrastructure are mitigated by introducing open trenches, wall barriers or other measures and comply with Directive 2002/49/EC.</p> <p>Measures are taken to reduce noise, dust and pollutant emissions during construction or maintenance works.</p>	<p>To limit noise pollution and vibrations, the 'Noise Nuisance Act' and the 'Aviation and Rail Act' of the Dutch government lay down acceptable noise levels and establish permissible thresholds. The noise ceiling is established for railway operations and a noise register is used to manage the noise being produced.</p> <p>In addition, ProRail has in place a multi-year program to make railway tracks quieter by using noise barriers, rail dampers, and facade insulation. Additionally, the Building Decree's Article 8.4 – Undesirable Noise, provides the thresholds for daily noise exposure and specifies the use of silent techniques to reduce noise generation. The Building Decree will be replaced by the Environment</p>	Aligned

⁷⁹ Government of Netherlands, " National Waste Management Plan", at: <https://rwsenvironment.eu/subjects/from-waste-resources/national-activities/national-waste/>

⁸⁰ Eurostat, "Recovery rate of construction and demolition waste", at: https://ec.europa.eu/eurostat/databrowser/view/cei_wm040/default/table?lang=en

		and Planning Act from October 2022 and will include all features of the Building Decree.	
Protection and restoration of biodiversity and ecosystems	<p>Refer to the assessment set out in Appendix 3, Table 13.</p> <p>Where relevant, maintenance of vegetation along road transport infrastructure ensures that invasive species do not spread.</p> <p>Mitigation measures have been implemented to avoid wildlife collisions.</p>	Road transportation infrastructure is not included in the scope of financing; hence the criteria about invasive species and wildlife collisions are not applicable.	Aligned

Table 9

Framework Activity assessed	Energy Efficiency		
EU Activity	Renovation of existing buildings		
NACE Code	F41 and F43		
EU Technical Screening Criteria	Alignment with Technical Screening Criteria		
Mitigation	<p>1. The building renovation complies with the applicable requirements for major renovations</p> <p>2. Alternatively, it leads to a reduction of primary energy demand (PED) of at least 30 %</p>	Renovation must result in at least 3 EPC label steps improvement and to a minimum of EPC label B. An improvement of at least two EPC labels to at least B corresponds to at least a 30% reduction in primary energy demand for residential buildings in the Netherlands, which is in line with the second criterion.	Aligned
	<i>DNSH Criteria</i>	<i>Alignment with DNSH Criteria</i>	
Sustainable use and protection of water and marine resources	<p>Where installed as part of the renovation works, except for renovation works in residential building units, the specified water use for the following water appliances is attested by product datasheets, a building certification or an existing product label in the Union, in accordance with the technical specifications laid down in Appendix E to the Annex of the Climate Delegated Act:</p> <p>(a) wash hand basin taps and kitchen taps have a maximum water flow of 6 litres/min;</p> <p>(b) showers have a maximum water flow of 8 litres/min;</p> <p>(c) WCs, including suites, bowls and flushing cisterns, have a full flush volume of a maximum of 6 litres and a maximum average flush volume of 3,5 litres;</p> <p>(d) urinals use a maximum of 2 litres/bowl/hour. Flushing urinals have a maximum full flush volume of 1 litre.</p>	This criterion is not applicable since solely residential buildings will be financed.	N/A

<p>Transition to a circular economy</p>	<p>At least 70 % (by weight) of the non-hazardous construction and demolition waste (excluding naturally occurring material referred to in category 17 05 04 in the European List of Waste established by Decision 2000/532/EC) generated on the construction site is prepared for reuse, recycling and other material recovery, including backfilling operations using waste to substitute other materials, in accordance with the waste hierarchy and the EU Construction and Demolition Waste Management Protocol.</p> <p>Operators limit waste generation in processes related construction and demolition, in accordance with the EU Construction and Demolition Waste Management Protocol and taking into account best available techniques and using selective demolition to enable removal and safe handling of hazardous substances and facilitate reuse and high-quality recycling by selective removal of materials, using available sorting systems for construction and demolition waste.</p> <p>Building designs and construction techniques support circularity and in particular demonstrate, with reference to ISO 20887301 or other standards for assessing the disassembly or adaptability of buildings, how they are designed to be more resource efficient, adaptable, flexible and dismantlable to enable reuse and recycling.</p>	<p>The Building Decree (bouwbesluit) includes guidelines for the separation, handling and reuse of construction and demolition waste. The Building Decree will be replaced by the Environment and Planning Act from October 2022 and will include all features of the Building Decree.</p> <p>As per the National Waste Management Plan⁸¹, by 2023 at least 95% of the waste being generated during construction and demolition, needs to be reused or recycled. Although there is no obligation for reusing 70% of the waste generated, as of 2018, the Netherlands had a 100% recycling rate for non-hazardous construction and demolition waste.⁸²</p> <p>As indicated above, the Netherlands had a 100% recycling rate for non-hazardous construction and demolition waste and is the only EU Member State to have achieved this milestone. Several Dutch measures and initiatives are referenced as best practice examples in the EU Construction and Demolition Waste Management Protocol, such as the Dutch certification scheme for demolition processes. Considering the Netherlands’ track record in recycling C&D waste, Sustainalytics notes that the expenditures comply with the criterion.</p> <p>Building designs and construction techniques support circularity in the Netherlands thanks to legal requirements that oblige construction companies to calculate the environmental performance of buildings using life cycle analysis as a basis.</p>	<p>Aligned</p>
<p>Pollution prevention and control</p>	<p>Building components and materials used in the construction complies with the criteria set out in Appendix C to the Annex of the Climate Delegated Act:</p> <p>Building components and materials used in the building renovation that may come into contact with occupiers emit less than 0,06 mg of formaldehyde per m³ of material or component upon testing in accordance with the conditions specified in Annex XVII to Regulation (EC) No 1907/2006 and less than 0,001 mg of other categories 1A and 1B carcinogenic volatile organic compounds per m³ of material or component, upon testing in accordance with CEN/EN 16516 or ISO 16000-3:2011 or other equivalent standardised test conditions and determination methods.</p>	<p>DSTA confirms compliance with all regulation listed under Appendix C of the Annex (reflected in items (a) to (g)).</p> <p>The construction activities comply with the Building Decree (bouwbesluit) which includes the Article 8.4 – Undesirable Noise, Article 8.4 a – Undesirable Vibrations and Article 8.5 – Noise Pollution. The Building Decree specifies the daily permissible limits for exposure to noise along with using available techniques to reduce noise generation. The Building Decree will be replaced by the Environment and Planning Act from October 2022 and will include all features of the Building Decree.</p>	<p>Aligned</p>

⁸¹ Government of Netherlands, “ National Waste Management Plan”, at: <https://rwsenvironment.eu/subjects/from-waste-resources/national-activities/national-waste/>

⁸² Eurostat, “Recovery rate of construction and demolition waste”, at: https://ec.europa.eu/eurostat/databrowser/view/cei_wm040/default/table?lang=en

	Measures are taken to reduce noise, dust and pollutant emissions during construction or maintenance works.	The exposure to hazardous materials like asbestos and formaldehyde is limited, and follows the maximum permissible limits stated under Article 7.17 of the Building Decree.	
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Table 10

Framework Activity assessed	Climate Change Adaptation & Sustainable Water Management		
EU Activity	Construction, extension and operation of water collection, treatment and supply systems		
NACE Code	E36.00 and F42.99		
EU Technical Screening Criteria		Alignment with Technical Screening Criteria	
Mitigation	<p>1. The economic activity has implemented physical and non-physical solutions ('adaptation solutions') that substantially reduce the most important physical climate risks that are material to that activity.</p> <p>2. The physical climate risks that are material to the activity have been identified from those listed in Appendix A to the Annex of the Climate Delegated Act by performing a robust climate risk and vulnerability assessment with the following steps:</p> <ul style="list-style-type: none"> a. screening of the activity to identify which physical climate risks from the list in Appendix A to the Annex of the Climate Delegated Act may affect the performance of the economic activity during its expected lifetime; b. where the activity is assessed to be at risk from one or more of the physical climate risks listed in Appendix A to the Annex of the Climate Delegated Act, a climate risk and vulnerability assessment to assess the materiality of the physical climate risks on the economic activity; c. an assessment of adaptation solutions that can reduce the identified physical climate risk. <p>The climate risk and vulnerability assessment is proportionate to the scale of the activity and its expected lifespan, such that:</p> <ul style="list-style-type: none"> a. for activities with an expected lifespan of less than 10 years, the assessment is performed, at least by using climate projections at the smallest appropriate scale; b. for all other activities, the assessment is performed using the highest available resolution, state-of-the-art climate projections across the existing range of future scenarios consistent with the expected lifetime of the activity, including, at least, 10 to 30 year climate projections scenarios for major investments. 	<p>1. The Netherlands adopted its National Adaptation Strategy (NAS) in 2016 which sets clear guidelines for adaptation action to prepare for a climate-resilient future and the national Delta Programme sets out how the Netherlands is safeguarding the availability of fresh water among other things. The Delta Decision on Freshwater Supply sets out that by 2050, the Netherlands must be resilient against freshwater shortages. Further, resilience against freshwater shortages is the overarching goal in the five national freshwater supply targets set down in the Delta Programme through the Climate-proof Main Water System Freshwater Supply strategy. The strategy is focused on a more efficient distribution of fresh water in times of drought and on measures to reduce the vulnerability of the main water system.</p> <p>The construction, expansion and management of water storage, water treatment and supply systems contribute to climate change adaptation and thereby reduce the most important physical climate risks. These risks have been identified by means of a robust climate change and vulnerability assessment.</p> <p>2. The National Delta Plan is structured on seven ambitions, with the first being the mapping of vulnerabilities. The aggregate municipalities, district water boards, provinces, and the central government (including Rijkswaterstaat) conduct stress tests, in collaboration with the stakeholders in their area, to map out its vulnerability. The stress tests are repeated every six years. The stress test covers an entire area, in both urban and rural environments; targets an area's vulnerability to waterlogging (caused by severe downpours or prolonged rain), heat stress, drought, and urban flooding; focuses specific attention on vital and vulnerable functions; takes account of other developments that</p>	Aligned

	<p>3. The climate projections and assessment of impacts are based on best practice and available guidance and take into account the state-of-the-art science for vulnerability and risk analysis and related methodologies in line with the most recent Intergovernmental Panel on Climate Change reports, scientific peer-reviewed publications and open source or paying models.</p> <p>4. The adaptation solutions implemented:</p> <ol style="list-style-type: none"> a. do not adversely affect the adaptation efforts or the level of resilience to physical climate risks of other people, of nature, of cultural heritage, of assets and of other economic activities; b. favour nature-based solutions or rely on blue or green infrastructure to the extent possible; c. are consistent with local, sectoral, regional or national adaptation plans and strategies; d. are monitored and measured against pre-defined indicators and remedial action is considered where those indicators are not met; e. where the solution implemented is physical and consists in an activity for which technical screening criteria have been specified in the Annex of the Climate Delegated Act, the solution complies with the do no significant harm technical screening criteria for that activity. 	<p>raise an area’s vulnerability (such as soil subsidence and changing groundwater levels).</p> <p>The parties developing the stress test utilise the experience gained with the existing stress test methods, including those used for the Delta Programme, and the Climate Impact Atlas. They also use the guidelines for impact analyses of serious waterlogging and urban flooding.</p> <p>DSTA confirms entire lifespan of spatial plans and projects is taken into account, and such plans and projects are tested against all the long-term scenarios.</p> <p>3. All the Preferential Strategies and measures are directed by the Delta Scenarios: plausible views of future climate and socio-economic trends, looking ahead to 2050 and 2100. The Delta Scenarios work with a range of perspectives that are informed by a number of science based models including the IPCC. The first set of Delta Scenarios was drawn up in 2012 which were based on the KNMI’06 scenarios of the Royal Netherlands Meteorological Institute (“KNMI”). The KNMI Climate Scenarios are based on the latest scientific insights of the IPCC and, hence, the KNMI has translated the IPCC global climate projections into a description of the potential climate change in the Netherlands. In 2023, the KNMI will publish a new set of KNMI Climate Scenarios and a first interpretation of the sixth IPCC assessment report (AR6) for the Dutch climate in 2021.</p> <p>4. With effect from 2015, the Cabinet has embedded the Delta Decisions in national policy anchoring them in the National Water Plan which is a regulation under the Water Act (Waterwet) and the Spatial Planning Act (Wet ruimtelijke ordening, Wro). The Water Act states the need for a permit in relation to water works, which may be subject to conditions such as the removal, compensation or limitation of adverse effects for the water system of the activity permitted. The Water act further requires that the construction or modification of a water management structure by or on behalf of a water authority shall be executed in accordance with a project plan. The plan shall encompass, among other things a description of the measures that shall be taken with a view to the reversal or limitation of the adverse effects of such implementation. Possibilities to increase nature values are considered when planning and implementing water management measures and, hence, there is a focus on natural processes instead of specific habitats or species.</p>	
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		DSTA has also confirmed that that the adaptation solutions implemented do not adversely affect the adaptation efforts or the level of resilience to physical climate risks of other people, of nature, of cultural heritage, of assets and of other economic activities.	
<i>DNSH Criteria</i>		<i>Alignment with DNSH Criteria</i>	
Sustainable use and protection of water and marine resources	<p>Environmental degradation risks related to preserving water quality and avoiding water stress are identified and addressed with the aim of achieving good water status and good ecological potential as defined in Article 2, points (22) and (23), of Regulation (EU) 2020/852, in accordance with Directive 2000/60/EC⁶⁷⁰ and a water use and protection management plan, developed thereunder for the potentially affected water body or bodies, in consultation with relevant stakeholders.</p> <p>Where an Environmental Impact Assessment is carried out in accordance with Directive 2011/92/EU and includes an assessment of the impact on water in accordance with Directive 2000/60/EC, no additional assessment of impact on water is required, provided the risks identified have been addressed.</p>	<p>The Water Act⁸³ and the Spatial Planning Act⁸⁴ account for the management of water resources, water conservation, protection of water zones, groundwater conservation, and management and impose restrictions on constructions near a surface water body or water storage area. One of the three purposes of the Water Act is to “protect and improve the chemical and ecological status of water systems; and allowing water systems to fulfill societal functions.”</p> <p>The Netherlands has implemented the European Water Framework Directive (EWF, Directive 2000/60/EC). In addition, The Netherlands implemented Regulation (EU) 2020/852 in the ‘Decision execution EU-regulations financial markets’ (Besluit uitvoering EU-verordeningen financiële markten).</p> <p>The DSTA has confirmed that Environmental Impact Assessment is carried out per Directive 2011/92/EU. Where undertaken, EIAs include an assessment of the impact on water following Directive 2000/60/EC. In such a case, no additional assessment of the impact on water is required should the risks have been addressed.</p>	Aligned
Protection and restoration of biodiversity and ecosystems	Refer to the assessment set out in Appendix 3, Table 13		Aligned

⁸³ Help Desk Water, “Dutch Water Act”, at: <https://www.helpdeskwater.nl/secundaire-navigatie/english/@176675/dutch-water-act/>

⁸⁴ Government of the Netherlands, “Spatial Planning in The Netherlands”, at: <https://www.government.nl/topics/spatial-planning-and-infrastructure/spatial-planning-in-the-netherlands>

Appendix 3: Criteria for Do No Significant Harm (“DNSH”) to Climate Change Adaptation & Protection and Restoration of Biodiversity and Ecosystems

Table 12

Criteria for DNSH to Climate Change Adaptation & Sustainable Water Management		
<i>DNSH Criteria</i>	<i>Alignment with DNSH Criteria</i>	
<p>The physical climate risks that are material to the activities mentioned above have been identified by the Issuer by performing a robust climate risk and vulnerability assessment.⁸⁵ The assessment must be proportionate to the scale of the activity and its expected lifespan, such that:</p> <ul style="list-style-type: none"> for investments into activities with an expected lifespan of less than 10 years, the assessment is performed, at least by using downscaling of climate projections; for all other activities, the assessment is performed using high resolution, state-of-the-art climate projections across a range of future scenarios consistent with the expected lifetime of the activity, including, at least, 10 to 30 years climate projections scenarios for major investments. <p>The issuer has developed a plan to implement adaptation solutions to reduce material physical climate risks to the selected activities under this framework.</p> <ul style="list-style-type: none"> For new activities the Issuer ensures that adaptation solutions do not adversely affect the adaptation efforts or the level of resilience to physical climate risks of other people, of nature, of assets and of other economic activities and are consistent with local, sectoral, regional or national adaptation efforts. For activities that involve upgrading or altering existing assets or processes, the Issuer must implement adaptation solutions identified within five years from the start of the activity. In addition, selected adaptation solutions must not adversely affect the adaptation efforts or the level of resilience to physical climate risks of other people, of nature, of assets and of other economic activities and are consistent with local, sectoral, regional or national adaptation efforts. 	<p>In the Delta Plan on Spatial Adaptation 2018 (or the “Delta Plan”) all the parties involved have agreed on the goal of having the Netherlands climate-proof and water-resilient by no later than 2050. The first of the indicated seven ambitions is to assess vulnerabilities. The aggregate municipalities, district water boards, provinces, and the central government (including Rijkswaterstaat) conduct stress tests, in collaboration with the stakeholders in their area, to map out its vulnerability. The stress tests are repeated every six years. The stress test covers an entire area, in both urban and rural environments and targets an area’s vulnerability to waterlogging (caused by severe downpours or prolonged rain), heat stress, drought, and urban flooding; focuses specific attention on vital and vulnerable functions; takes account of other developments that raise an area’s vulnerability (such as soil subsidence and changing groundwater levels).</p> <p>The central government developed a “standardised” stress test to support this process, in close collaboration with district water boards, municipalities, provinces, knowledge parties such as the Foundation for Applied Water Research STOWA, the RIONED Foundation, and the providers of the current stress tests.</p> <p>The “standardized” stress test comprises several future scenarios, reflecting, e.g., the probability of extreme downpours and extremely hot days. Each stress test features, as a minimum, the rainfall scenarios corresponding to the current waterlogging standards, as well as scenarios for “supranormative” conditions. In addition to the standard points of departure, the “standardized” stress test offers sufficient room for local and regional customization, considering the location-specific issues and requirements. The parties developing the stress test utilize the experience gained with the existing stress test methods, including those used for the Delta</p>	<p>Aligned</p>

⁸⁵ The EU Delegated Act identifies several climate related risk and classifies them into chronic or acute risks, Chronic risks include -changing temperature (air, freshwater, marine water), changing wind patterns, changing precipitation patterns and types, coastal erosion, heat stress, ocean acidification, sea-level rise, and solifluction. Acute risks pertain to – heat/ cold wave, wildfire, cyclone, hurricane, tornado, storm, drought, landslide, flood, and glacial lake outburst. For a complete list of climate related risk please refer to Section 2 of Appendix E of EU’s draft delegated regulation (Annex 1), at: https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12302-Climate-change-mitigation-and-adaptation-taxonomy#ISC_WORKFLOW

Programme, and the Climate Impact Atlas. They also use the guidelines for impact analyses of serious waterlogging and urban flooding, an instrument ensuing from the Water and Evacuation project which is carried out by the Security Regions. If need be, the scenarios used in the stress tests will eventually be adapted to new climate insights.

All the governments were required to have conducted, by no later than 2019, stress tests regarding the four climate themes: waterlogging, heat, drought, and flooding. Guidelines for standardised stress tests have been developed to help them on their way.

The outcomes of the stress tests indicate potential vulnerabilities and are input for the risk dialogue. In the risk dialogues municipalities, district water boards, provinces, Rijkswaterstaat and all the relevant partners in each region or sub-region (such as housing corporations, grid managers, farmers, nature managers) awareness is raised and potential measures are discussed.

In each area, the municipalities, district water boards, and provincial authorities will set down the additional efforts they intend to undertake to reduce the vulnerability of the area, how they intend to support residents and businesses in taking their own measures, and what damage will be acceptable for the time being. Strategic choices will be made in this process, if need be, taking account of the interconnectivity in the system (urban/rural areas), synergy with other spatial developments, priorities, and the division of tasks. Wherever relevant, the provinces will incorporate this joint spatial adaptation strategy relating to waterlogging, drought, heat, and urban flooding into the more comprehensive regional NAS climate adaptation strategies. Among other things, the regional climate adaptation strategies contain the spatial consequences of the climate tasking for the design of the physical living environment. These consequences will be accommodated in Environmental Visions, Environmental Plans, and Environmental Programmes.

Table 13

Criteria for the Protection and Restoration of Biodiversity and Ecosystems		
<i>DNSH Criteria</i>	<i>Alignment with DNSH Criteria</i>	
<ul style="list-style-type: none"> • An Environmental Impact Assessment (EIA) or screening has been completed, for activities within the Union, in accordance with Directive 2011/92/EU. For activities in third countries, an EIA has been completed in accordance with equivalent national provisions or international standards. • Where an EIA has been carried out, the required mitigation and compensation measures for protecting the environment are implemented. • For sites/operations located in or near biodiversity-sensitive areas (including the Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas, as well as other protected areas), an appropriate assessment, where applicable, has been conducted and based on its conclusions the necessary mitigation measures are implemented. 	<p>In the Netherlands, Environmental Impact Assessment (EIA) is established in law in Chapter 7 of the Dutch Environmental Management Act (Wet Milieubeheer, EMA). An Environmental Impact Assessment (milieueffectrapport, MER) is a prerequisite for the construction of major infrastructure to state the possible positive or negative impact a proposed project may have. These two acts are in line with the EU Directive 2011/92/EU. A mandatory environmental impact report must show compliance with the criterion for biodiversity.</p> <p>Under the Spatial Planning Act (Wet ruimtelijke ordening, Wro), sites are designated for specific activities. To this end, all interests are carefully considered, e.g. the importance of nature, the living enjoyment by residents in the vicinity, etc.</p> <p>The National Ecological Network (NEN) and Natura 2000 are designed to protect nature areas, linking them more effectively with each other and with surrounding farmland. All Natura 2000 areas in the Netherlands are covered by the Nature Conservation Act. Nature areas, wild animals and plants in the Netherlands are also protected by the Nature Conservation Act, which took effect on 1 January 2017. The new Act replaces 3 other laws: the Nature Conservancy Act 1998, the Flora and Fauna Act, and the Forestry Act.</p> <p>Certain habitat types and species are protected within specific areas called 'Flora-Fauna-Habitat areas' or 'Natura 2000 sites' (based on the EU Conservation of Natural Habitats and Wild Fauna and Flora Directive, current consolidated version of 1 July 2013, and the EU Conservation of Wild Birds Directive, current consolidated version of 26 June 2019).</p>	<p>Aligned</p>

Appendix 4: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name: The State of the Netherlands

Green Bond ISIN or Issuer Green Bond Framework Name, if applicable: NL0013552060

Review provider's name: Sustainalytics

Completion date of this form: April 26, 2022

Publication date of review publication: March 18, 2019

Original publication date *[please fill this out for updates].*

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input checked="" type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other <i>(please specify)</i> : | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW *(if applicable)*

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section *(if applicable)*:

The eligible categories for the use of proceeds – (i) Renewable Energy, (ii) Energy Efficiency, (iii) Clean Transportation, and (iv) Climate Change Adaptation & Sustainable Water Management – are aligned with those recognized by the Green Bond Principles 2021. Sustainalytics considers that the eligible categories are expected to lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 6, 7, 9, 11 and 13.

Use of proceeds categories as per GBP:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input checked="" type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input checked="" type="checkbox"/> Climate Change Adaptation & Sustainable Water Management |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP | <input type="checkbox"/> Other <i>(please specify)</i> : |

If applicable please specify the environmental taxonomy, if other than GBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section *(if applicable)*:

The Dutch State Treasury Agency (DSTA) initially identifies expenditures in the Central Government Budget after which the Green Bond Working Group evaluates and selects eligible expenditures. The Green Bond Working Group comprises representatives from various State Ministries. The environmental and social laws and regulations and risk assessment processes of the State of the Netherlands are applicable to all allocation decisions made under the Framework. Sustainalytics considers the project selection process in line with market practice.

Evaluation and selection

- | | |
|--|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other <i>(please specify)</i> : |

Information on Responsibilities and Accountability

- Evaluation / Selection criteria subject to external advice or verification
 In-house assessment
- Other (please specify):

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

The DSTA oversees managing proceeds and will track proceeds via the National Financial Annual Report. DSTA applies a lookback period of maximum two years and is targeting full allocation within two years after issuance. Unallocated proceeds will be managed according to the treasury policy of the DSTA. This is in line with market practice.

Tracking of proceeds:

- Green Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (please specify):

Additional disclosure:

- Allocations to future investments only
 Allocations to both existing and future investments
- Allocation to individual disbursements
 Allocation to a portfolio of disbursements
- Disclosure of portfolio balance of unallocated proceeds
 Other (please specify):

4. REPORTING

Overall comment on section (if applicable):

The State of the Netherlands intends to publicly report on allocation annually, on its website. The report will include an overview of the allocation of green bond proceeds by a breakdown of allocation per expenditure category and the unallocated proceeds (if any). Impact reporting will include relevant impact metrics, such as annual energy savings and avoided greenhouse gas emissions. Sustainalytics views the State of the Netherlands' allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- Project-by-project
 On a project portfolio basis
- Linkage to individual bond(s)
 Other (please specify):

Information reported:

- Allocated amounts Green Bond financed share of total investment

- Other (*please specify*):

An overview of the allocation of proceeds from issued green bonds to the main categories of eligible green expenditures.

A breakdown of allocated proceeds per type of expenditures

The amount of unallocated proceeds (if any) among others.

Frequency:

- Annual Semi-annual
 Other (*please specify*):

Impact reporting:

- Project-by-project On a project portfolio basis
 Linkage to individual bond(s) Other (*please specify*):

Information reported (expected or ex-post):

- GHG Emissions / Savings Energy Savings
 Decrease in water use Other ESG indicators (*please specify*):
Percentage of renewable energy production
Annual energy savings (in MWh)
Annual passenger train kilometres
Availability of flood defenses (percentage)
Reduction of flood risk / frequency

Frequency

- Annual Semi-annual
 Other (*please specify*):

Means of Disclosure

- | | |
|--|---|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report |
| <input checked="" type="checkbox"/> Information published in ad hoc documents | <input type="checkbox"/> Other (please specify): |
| <input checked="" type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): the year following the issuance or re-opening of a Green Bond, the DSTA will request the Independent Central Government Audit Service of the State of the Netherlands to provide an independent verification for the allocation of the proceeds to Eligible Green Expenditures in line with the criteria of this Framework. | |

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

<https://english.dsta.nl/news/publications/green-bonds>

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE**Type(s) of Review provided:**

- | | |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Review provider(s):**Date of publication:****ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP**

- i. Second-Party Opinion: An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. Certification: An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. Green Bond Scoring/Rating: An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as

a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

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