



Dutch State Treasury Agency
Ministry of Finance

State of the Netherlands Green Bond Framework

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1 Introduction

The Netherlands is fully committed to the United Nations (UN) 2030 agenda for Sustainable Development and the Paris Agreement on Climate Change (the 'Paris Agreement'). The Netherlands aims to ambitiously contribute to the fight against climate change and is firmly dedicated to the goal set out in the European Green Deal: to reduce carbon emissions by at least 55% by 2030 compared to 1990 levels.^{1,2} The Dutch Climate Act shows a high level of climate ambition and has been updated to reflect this European carbon emission reduction target for 2030.³

Dutch climate policy focusses on increased carbon emission reductions, with the objective of achieving at least a 55% reduction by 2030 (from 1990 levels), but striving towards a 60% reduction. For 2050, the ambition is to be climate neutral. In 2022, a Minister for Climate and Energy was appointed to oversee both the climate policy and a Climate Fund amounting to over €30 billion⁴. Over a period of 10 years, this fund will help to create the nation's required energy infrastructure, establish a green industrial policy and make transport and the built environment more sustainable. In addition, extra investments will be made available for research and innovation in climate-neutral technologies.

In 2019, the State of the Netherlands published its Green Bond Framework and issued the inaugural Green Dutch State Loan (DSL) 2040 (the 'Green DSL 2040'). Since then, the green capital markets have grown significantly. With the reopening of the Green DSL 2040 in 2022, which brought the total outstanding amount of this bond to €15.69 billion, and the expected issuance of a new Green 20-year DSL in 2023, the State of the Netherlands aims to continue to support the further development of this market. In addition to public investments, private investments also need to be mobilised. In the Dutch capital market, since the year of the first issuance by the State, more than €65 billion has been issued in green bonds by financial institutions and corporates.

This new version of the Green Bond Framework (the 'Framework'), which follows the update in May 2022, ensures that future issuances or re-openings of a Green Bond continue to align with best market practices. Specifically, this update intends to align with the proposed new EU Taxonomy Environmental Delegated Act on climate change adaptation and sustainable use and protection of water and marine resources (including flood risk prevention and protection infrastructure, and nature-based solutions for flood and drought risk prevention and protection). In view of the specific geographical circumstances, climate change is leading to an increased need for flood protection measures for the Netherlands. This updated Green Bond Framework therefore specifically highlights the expenditure for flood risk protection ('blue expenditures'). The key updates of this Framework are summarised in section 1.3.

- 1 European Commission – European Green Deal, 14 July 2021 (available [here](#)); European Commission – European Climate Law, 30 June 2021 (available [here](#))
- 2 Additionally, in 2019 the Supreme Court ruled in the case of the Urgenda foundation against the State of the Netherlands that annual greenhouse gas emissions should be reduced by 25% by the end of 2020 compared to 1990. The government responded with additional measures to ensure this target was met in 2020. Emissions in 2021 were slightly higher, but down to a 30% reduction in 2022
- 3 Change to the Dutch Climate Act (available [here](#), in Dutch)
- 4 Parliament has [passed the act](#) to install the Climate Fund, the Senate is yet to vote on the fund. Due to the resignation of the government in July 2023 this could be delayed

1.1 Dutch vision on global climate action

The Netherlands has major climate ambitions. In 2030, CO₂ emissions in the Netherlands must have fallen by at least 55%, as a prelude to a climate-neutral Netherlands in 2050. To achieve this ambition, the government presented the climate policy programme.⁵ The programme has been supplemented with proposed additional policy measures in the spring of 2023.⁶ Overall, the programme is aimed at a 60% CO₂ reduction by 2030 and describes the main features of the policy for the coming years. With these features, the government is giving direction to the transitions that are necessary for climate neutrality in 2050.

The largest drivers of greenhouse gas reduction are in the ‘Infrastructure, innovation and customised approach’, ‘Built environment’ and ‘Electricity’ sectors.⁷ As part of these efforts, the total capacity for offshore wind energy in 2030 will be doubled to around 21 gigawatts by developing three additional offshore wind-farms.⁸ In addition, the State of the Netherlands supported the ‘Statement on International Public Support for the Clean Energy Transition’ at the COP26 (Conference of Parties) conference in Glasgow and has discontinued new direct public support for the international unabated fossil fuel energy sector as of 2023.⁹

In September 2022, the European Commission endorsed the State of the Netherlands’ recovery and resilience plan,¹⁰ paving the way for the EU to disburse €4.7 billion in grants to the Netherlands under the Recovery and Resilience Facility (the ‘RRF’). The Netherlands’ plan devotes 48% of its total allocation to the green transition, substantially exceeding the minimum of 37% required by the RRF Regulation. The plan includes investments and reforms to speed up the deployment of renewable energy sources, investments supporting a sustainable built environment and nature restoration. Several measures also contribute to the REPowerEU objectives to become energy independent and fast forward the green transition.

The State of the Netherlands also lives up to the commitments of the Paris Agreement by providing financial resources to assist developing countries with respect to both mitigation and adaptation through the Dutch Fund for Climate and Development. The central aim of the Paris Agreement is to strengthen the global response to the threat of climate change. This will be done by keeping the global average temperature rise above pre-industrial levels well below 2 degrees Celsius this century and pursue efforts to limit the temperature rise to 1.5 degrees Celsius. The three pillars of the policy on climate change of the State of the Netherlands are climate change mitigation, adaptation and finance, as outlined in the Global Climate Strategy of the State of the Netherlands.¹¹ The expenditures financed through this Green Bond Framework are mainly focused on mitigation and adaptation. The Netherlands strives to ensure that any action on climate change is fair and inclusive to those most vulnerable to climate change.

Climate change mitigation

The first pillar is climate change mitigation, as the Netherlands has set out a clear and robust framework for the implementation of the Paris Agreement in the Climate Act. Under this Act, the government is required to draw up a Climate Plan setting out measures to ensure that the targets stipulated in the Act are achieved.¹²

The Climate Act requires the Netherlands Environmental Assessment Agency (*Planbureau voor de Leefomgeving*) (‘PBL’) to publish an annual Climate and Energy Outlook (*Klimaat- en Energieverkenning*, ‘KEV’), which is one of the accountability instruments of Dutch climate and energy policy. According to the most recent KEV report¹³

5 Climate policy programme (available [here](#))

6 Letter to Parliament about new climate measures (available [here](#), in Dutch)

7 Financial appendix of 2021 – 2025 Coalition Agreement, 15 December 2021 (available [here](#))

8 Climate policy programme (available [here](#))

9 Statement on International Public Support for the Clean Energy Transition, 4 November 2021 (available [here](#))

10 European Commission – European Commission endorses the Netherlands’ €4.7 billion Recovery and Resilience Plan (available [here](#))

11 The Netherlands’ Global Climate Strategy (published [here](#))

12 The increased carbon emissions reduction targets are stipulated in the Climate Act, which was accepted by Parliament and Senate in July 2023

13 Climate and Energy Outlook 2022, 1 November 2022 (Dutch version available [here](#), English available [here](#))

published in November 2022, more rapid implementation of existing plans and formulation of additional policies are both needed to achieve the Dutch climate goal for 2030. Since this publication, the government has committed to accelerate the implementation of its policies and to introduce additional policies in order to achieve the 2030 reduction target. To reach this target, the government proposed additional measures in spring 2023 that will lead to the desired reduction of 55 to 60%, while making sure the burdens of the transition are shared fairly across all economic actors. To finance these measures, the government proposes to mobilise €24.6 billion from the Climate Fund.^{14 15}

Climate change adaptation

The second pillar is climate change adaptation, given that the Netherlands is vulnerable to the physical impacts of climate change. On the national level, climate adaptation policy is laid down in the National Adaptation Strategy (the 'NAS') and the Delta Programme, to ensure a climate-proof and water-resilient country by 2050. The NAS describes the main climate risks facing the Netherlands and sets a course for addressing these risks. The Delta Programme has its legal base in the Delta Act (*Deltawet waterveiligheid en zoetwatervoorziening*). It ensures that flood risk management, freshwater supply and spatial planning will be climate-proof and water-resilient by 2050. As part of the Delta Programme, the national Flood Protection Programme sets out the measures that are required to ensure primary flood defence systems meet the statutory safety standards, now and in the future. The latest climate scenarios developed by the Royal Netherlands Meteorological Institute (KNMI) are incorporated into those standards. Financing is needed to implement the measures contained in the Delta Programme. An amount is set aside annually for this purpose in the Delta Fund. The average annual budget will be €1.5 billion in the period 2023-2036. In addition, the Ministry of Infrastructure and Water Management has made €200 million available to accelerate implementation of measures for adaptation on a regional and local level, in order to increase resilience and limit the effects of climate related risks, such as flooding, extreme weather and drought. This Impulse Programme¹⁶ started at the beginning of 2021. If measures are not taken, damages are estimated to rise to an amount between €77.5 and €173.6 billion by 2050.¹⁷

The State of the Netherlands is also committed to sharing its expertise on climate adaptation with other countries, for example by hosting the Global Centre on Adaptation in Rotterdam. This Centre was founded by the UN Energy Programme in cooperation with the State of the Netherlands and Japan, and facilitates the sharing of knowledge and expertise on combatting the effects of climate change around the world.¹⁸

Delta Programme

After the disastrous floods in 1953, the government took steps to better protect the country against flooding. Agreements were made about the height of dikes and the management of the coast. Floods have a greater impact now than in 1953. Nearly 60 percent of the Netherlands could be flooded, including the largest cities and part of the economic centre. Proper protection against flooding is therefore vital.

1.2 Sustainable finance as a driver of climate action

Sustainable finance, in particular the green capital market, is considered key to reaching the targets of the Paris Agreement. Green capital markets play a key role in mobilising finance and accelerating private investments for the low carbon transition. This is also voiced by the European Commission in its 'Strategy for Financing the Transition to a Sustainable Economy'.¹⁹ The strategy aims to advance the flow of money

¹⁴ Letter to Parliament about new climate measures (available [here](#), in Dutch)

¹⁵ Parliament has [passed the act](#) to establish the Climate Fund, the Senate has yet to vote on the fund. Due to the resignation of the government in July 2023 this could be delayed

¹⁶ Impulsregeling Klimaatadaptatie (available [here](#), in Dutch)

¹⁷ Public Information Service – Climate adaptation in the Netherlands (available [here](#))

¹⁸ Global Centre on Adaptation (available [here](#))

¹⁹ European Commission – Strategy for Financing the Transition to a Sustainable Economy, 6 July 2021 (available [here](#))

towards investments that support the transition to a sustainable economy by proposing actions in the areas of transition finance, inclusiveness, resilience, contribution to the EU Green Deal targets, and promoting a global sustainable finance agenda. According to the strategy, the EU has to close a yearly investment gap of €350 billion to meet its 2030 emissions reduction target in energy systems alone, alongside the €130 billion it will need for other environmental goals.

1.3 Update of the State of the Netherlands' Green Bond Framework

In 2019, the State of the Netherlands published its Green Bond Framework and issued the inaugural Green DSL 2040. Since then there have been significant developments in the field of sustainable finance driven by the European 'Action Plan: Financing Sustainable Growth'. Following up on this action plan, the European Commission introduced an extensive Sustainable Finance package, which introduced *inter alia* a common classification system for sustainable economic activities (e.g. an EU Taxonomy) and the 'EU Green Bond Standard' in order to encourage the issuance of and investments in EU Green Bonds and improve the effectiveness, transparency, comparability and credibility of the market.²⁰

First update in 2022

The State of the Netherlands fully supports the increased level of ambition and transparency this Finance package introduces. Hence, the Dutch State Treasury Agency's ('DSTA') Green Bond Framework was first updated in May 2022 in order to align with the EU Taxonomy Climate Delegated Act (the 'EU Taxonomy') on a best effort basis.²¹

Current Update in 2023

The DSTA's Green Bond Framework is updated for the 2023 green bond issuance and intends to align with the existing EU Taxonomy, as well as the upcoming EU Green Bond Standard, on a best efforts basis.²² In addition, the updated Green Bond Framework also aligns with the proposed EU taxonomy criteria regarding flood risk prevention and protection, and nature-based solutions for flood and drought risk prevention and protection as published on 13 June 2023 by the European Commission. For the Netherlands, the new published criteria are of particular importance. Even though these criteria are not yet formally in force, by aligning this Framework to these, the Netherlands emphasises its commitments to protect its citizens.

Furthermore, it expands the scope of eligible government expenditures which can be financed through a Green Bond and highlights those which contribute to a more resilient economy with respect to flood prevention, identifying these as blue expenditures. The update further aligns the green bond issuance programme with the Dutch policy on climate change to achieve the State of the Netherlands' climate targets.

The Green Bonds issued by the DSTA enable the State of the Netherlands to attract dedicated funding for, among other things, government expenditures that primarily contribute to the EU Environmental Objectives of Climate Change Mitigation, Climate Change Adaptation and Sustainable use and protection of water and marine resources. The Green Bonds will provide investors with an opportunity to diversify their investment portfolios towards sustainable assets. In addition, they will further promote and develop the domestic and international Green Bond market.

As the sustainable finance market continues to evolve, the DSTA might provide future updates to this Framework to remain consistent with shifting investor expectations, best market practices and regulatory developments.

In terms of credit risk, the Green Bonds issued by the State of the Netherlands will be treated *pari passu* with regular debt issuances by the State of the Netherlands.

²⁰ European Commission – Action Plan: Financing Sustainable Growth, 8 March 2018 (available [here](#))

²¹ European Commission – [EU Taxonomy Climate Delegated Act \(June, 2021\)](#), 4 June 2021 (available [here](#))

²² Draft overall compromise package for the EU Green Bonds regulation (available [here](#))

2 Green Bond Framework

The Green Bond Framework of the State of the Netherlands is set up in line with the voluntary guidelines of the International Capital Market Association (ICMA) Green Bond Principles (GBP) 2021.²³ The expenditures seek to align with the criteria of the EU Taxonomy to the extent possible. In addition, the Framework intends to align with the requirements of the proposed EU Green Bond Standard on a best efforts basis.

The Framework will be presented along the following components:

- (1) Use of Proceeds
- (2) Process for Expenditure Evaluation and Selection
- (3) Management of Proceeds
- (4) Reporting
- (5) External review

2.1 Use of Proceeds

Green Bonds issued by the State of the Netherlands intend to exclusively finance or refinance, in whole or in part, expenditures which are part of the Central Government Budget or tax relief measures which are included in the Budget Memorandum (*Miljoenennota*), and contribute to the EU Environmental Objectives of Climate Change Mitigation and Climate Change Adaptation ('Green Expenditures') and Sustainable use and protection of water and marine resources ('Blue Expenditures' together referred to as 'Eligible Expenditures').

Eligible Expenditures include government expenditures in the form of direct investment expenditures, subsidies, tax relief measures and selected operational expenditures (including related to research & development). The Eligible Expenditures targeting tax relief will be no greater than the estimate of government revenue lost as presented in the appendix of the Netherlands Budget Memorandum.²⁴ Direct investment expenditures may include loan instruments, contributions or non-refundable capital support to state-owned institutions directed to activities or projects that meet the definition of Eligible Expenditures.

The Eligible Expenditures are limited to Central Government Budget expenditures in the budget year preceding the issuance, the budget year of issuance and the two budget years following the issuance. The DSTA intends to allocate at least 50% of the net proceeds of the issuance or re-opening of a Green Bond to expenditures in the budget year of issuance or future budget years.

The State of the Netherlands is closely working with government agencies and other public sector entities to ensure a cohesive and consistent effort to finance the Netherlands' climate action agenda. While Eligible Expenditures may include expenditures towards state-owned enterprises, agencies and institutions which could potentially issue green bonds themselves, these expenditures will only be included when there is no risk of 'double-counting' as a result of their potential eligibility for inclusion in other green financing instruments. The DSTA will ensure coordination with the enterprises, agencies and institutions in question to avoid double-counting of Eligible Expenditures, as specified in section 2.2. Eligible Expenditures towards such state-owned enterprises, agencies and institutions in the form of capital injections will be limited to 20% of the allocation of the annual issuance of a Green bond.

²³ International Capital Market Association – The Green Bond Principles 2021 (with June 2022 Appendix I) (available [here](#))

²⁴ Table 9.2.2 in the Budget Memorandum 2023 (available [here](#), in Dutch)

In the event where the State of the Netherlands would co-finance green projects, it will be ensured that Eligible Expenditures only include the amount financed by the State of the Netherlands. Furthermore, Central Government Budget Expenditures which obtain dedicated funding are excluded from the Eligible Expenditures. These expenditures, for instance, include expenditures financed with the EU RRF and subsidies for renewable energy production which are pre-funded through a tax surcharge on the energy bills of companies and households in the Netherlands.



Table 1 below provides an overview of the categories of Eligible Expenditures, a definition of the Eligible Expenditures within these categories and a non-exhaustive list of eligible budget articles in the Central Government Budget or tax relief measures in the Budget Memorandum. The Eligible Expenditures are also mapped to the GBP categories, the relevant UN Sustainable Development Goals (the 'SDGs'), as well as Economic Activities and Environmental Objectives under the EU Taxonomy.

To be considered as Eligible Expenditures under this Framework, Central Government Budget expenditures or tax relief measures from the Budget Memorandum need to meet certain conditions: (i) it meets the definition of Eligible Expenditures included in Table 1 below and (ii) it complies with the applicable Substantial Contribution Criteria for the related EU Taxonomy economic activities listed in Table 1 as a minimum, where currently in effect by means of the Climate Delegated Act²⁵ and Environmental Delegated Act. If no Substantial Contribution Criteria are yet in effect on 8 September 2023, it should comply with the Substantial Contribution Criteria in the proposed new EU Taxonomy Environmental Delegated Act²⁶ and with the eligibility criteria specified in Table 1. Any expenditures or tax relief measures from the Budget Memorandum that do not meet the criteria defined in this framework are excluded. In addition to the main eligible Central Government Budget articles included in Table 1, new or existing expenditures or tax relief measures from the Budget Memorandum can potentially be considered as Eligible Expenditures under this Framework, provided that the conditions listed above are met.

²⁵ Environmental Delegated Act and Annexes (27 June 2023, available [here](#))





²⁶ The proposed Environment Delegated Act and Annexes, available [here](#))

Table 1 – Eligible Expenditures

ICMA GBP category & SDG mapping	Category	Definition of Eligible Expenditures and main budget articles	EU Taxonomy Economic Activity
Eligible Green Expenditures			
<ul style="list-style-type: none"> • Renewable Energy  	Renewable energy generation	<p>Expenditures to subsidise the production of renewable electricity (limited to solar energy and onshore and offshore wind energy) and support the development of renewable energy generation capacity.</p> <p>Main eligible Central Government Budget articles or tax relief measures: Economic Affairs and Climate Policy, Article 4</p> <ul style="list-style-type: none"> • Stimulation of Sustainable Energy Production (SDE, SDE+ & SDE++) • Tax relief for sustainable energy production by households (<i>Salderingsregeling</i>²⁷) • Studies <i>Wind op Zee</i>²⁸ <p>Examples: Subsidies and expenditures for the development of solar- and offshore and onshore wind energy generation projects in the Netherlands.</p>	<p>EU Environmental Objective: Climate Change Mitigation</p> <p>4.1. Electricity generation using solar photovoltaic technology</p> <p>4.3. Electricity generation from wind power</p>
	Transmission of electricity	<p>Expenditures to support the expansion of energy grids for the energy transition.</p> <p>Main eligible Central Government Budget articles: Economic Affairs and Climate Policy, Article 4 Ministry of Finance, Article 3</p> <ul style="list-style-type: none"> • Direct investment expenditures in Dutch electricity Transmission System Operators (TSO) / Distribution Network Operators (DSO). 	<p>EU Environmental Objective: Climate Change Mitigation</p> <p>4.9. Transmission and distribution of electricity</p>
	Hydrogen	<p>Expenditures to support the production and transport of hydrogen.</p> <p>Main eligible Central Government Budget articles: Economic Affairs and Climate Policy, Article 4</p> <ul style="list-style-type: none"> • Hydrogen Backbone • IPCEI Hy2Use <p>Examples: Expenditures for retrofitting and developing a national main hydrogen network, which will connect industries, and production sites, as well as neighbouring countries.</p>	<p>EU Environmental Objective: Climate Change Mitigation</p> <p>3.10. Manufacture of hydrogen</p> <p>4.14. Transmission and distribution networks for renewable and low-carbon gases</p>



27 Table 9.2.2 in the Budget Memorandum 2023 (available [here](#), in Dutch)

28 Offshore Wind – Information on the studies conducted and the results (available [here](#))

ICMA GBP category & SDG mapping	Category	Definition of Eligible Expenditures and main budget articles	EU Taxonomy Economic Activity
<p>Energy Efficiency</p>  		<p>Expenditures for the improvement of energy efficiency in the built environment, including infrastructure for district heating or cooling.</p> <p>Main eligible Central Government Budget articles: Economic Affairs and Climate Policy, Article 4</p> <ul style="list-style-type: none"> • Subsidy on heat networks (WarmtelinQ, MIW) <p>Examples: Expenditures to support the construction of heat networks.</p>	<p>EU Environmental Objective: Climate Change Mitigation</p> <p>4.15. District heating/cooling distribution</p>
<p>Clean Transportation</p>  	<p>Railways</p>	<p>Expenditures for the development, maintenance and management of fully electrified railway infrastructure (including rail, light rail, tram and metro), excluding dedicated freight railway infrastructure.</p> <p>Main eligible Central Government Budget articles: Mobility Fund, Articles 13, 14 and 17</p> <ul style="list-style-type: none"> • Maintenance and management of railway infrastructure, development of railway infrastructure for passenger rail • Regional Infrastructure and accessibility projects • Mega Projects Traffic and Transportation <p>Examples: Expenditures related to upgrading trajectories for higher-frequency passenger rail travel, regional tram, metro and light rail infrastructure, railway station (re)development, bicycle parking space at railway stations and linkages to other modes of public transportation.</p>	<p>EU Environmental Objective: Climate Change Mitigation</p> <p>6.13. Infrastructure for personal mobility, cycle logistics</p> <p>6.14. Infrastructure for rail transport</p>
	<p>Electric and plug-in hybrid electric vehicles</p>	<p>Expenditures related to the promotion of the uptake of electric and low emissions vehicles.</p> <p>Main eligible Central Government Budget articles or tax relief measures: Mobility Fund, Articles 13, 14 and 17</p> <ul style="list-style-type: none"> • Tax relief²⁹ and subsidies for electric and plug-in hybrid electric vehicles <p>Examples: Subsidies for purchasing and leasing electric and plug-in hybrid electric³⁰ passenger cars for private individuals.</p>	<p>EU Environmental Objective: Climate Change Mitigation</p> <p>6.5. Transport by motorbikes, passenger cars and light commercial vehicles</p>

29 Table 9.2.2 in the Budget Memorandum 2023 (available in [here](#), in Dutch)

30 In accordance with EU regulation 2019/631, fiscal support for plug-in hybrid vehicles will run until 31 December 2025

ICMA GBP category & SDG mapping	Category	Definition of Eligible Expenditures and main budget articles	EU Taxonomy Economic Activity
Eligible Blue Expenditures			
<p>Climate Change Adaptation & Sustainable Water Management</p>  	<p>Climate Change Adaptation & Sustainable Water Management</p>	<p>Expenditures under the Dutch Delta Programme to ensure flood risk management, freshwater supply and spatial planning will be climate-proof and water-resilient.</p> <p>Main eligible Central Government Budget articles: Deltafund, Articles 1, 2, 3, 4, 5 and 7</p> <ul style="list-style-type: none"> Article 1: Flood risk management investments Article 2: Freshwater supply investments Article 3: Management, maintenance and replacement Article 4: Experimentation Article 5: Network-related costs and other expenditures Article 7: Water quality investments <p>Examples: Expenditures include reinforcing flood defences, monitoring and management of water levels, water treatment & distribution and related measures to improve water quality and anticipate higher (fresh) water levels.</p>	<p>EU Environmental Objective: Climate Change Adaptation</p> <p>5.1. Construction, extension and operation of water collection, treatment and supply systems</p> <p>14.2 Flood risk prevention and protection infrastructure (Commission Proposal)</p> <p>EU Environmental Objective: Sustainable use and protection of water and marine resources</p> <p>3.1 Nature-based solutions for flood and drought risk prevention and protection (Commission Proposal)</p>

2.2 Process for Expenditure Evaluation and Selection

The evaluation and selection of Eligible Expenditures is the responsibility of the inter-departmental Green Bond Working Group and will be performed on an annual basis.

The DSTA coordinates this process and prepares an initial list of potential Eligible Expenditures by identifying expenditures in the Central Government Budget that meet the criteria and definition of the Eligible Expenditures (as set out in paragraph 2.1) at the time of the assessment. The list of potential Eligible Expenditures is subsequently evaluated by the Green Bond Working Group. This working group reviews the feasibility of including the expenditures, verifies whether the expenditures comply with the criteria and definition of Eligible Expenditures in this Framework and approves the selected expenditures as Eligible Expenditures.

Eligible Expenditures will only be included when there is no risk of ‘double-counting’ by being eligible for inclusion in another financing instrument. Hence, expenditures towards state-owned institutions which issue green bonds themselves, will be reviewed in detail by the Green Bond Working Group, which will ensure coordination with these institutions.

The applicable (environmental & social) laws and regulations in which these activities take place, combined with the terms and conditions set by the Dutch government, address the applicable Do No Significant Harm (‘DNSH’) criteria and Minimum Social Safeguards as stipulated by the EU Taxonomy Climate Delegated Act on a best efforts basis. Appendix 2 includes an overview of the most relevant laws and regulations. It is intended that all Eligible Expenditures financed under this Framework will adhere to internationally recognised guidelines, specifically the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.

Green Bond Working Group

The Ministry of Finance has established an inter-departmental Green Bond Working Group, comprising of representatives from the:

- Dutch State Treasury Agency (Chair)
- Ministry of Finance
- Ministry of Economic Affairs and Climate
- Ministry of Infrastructure and Water Management
- Ministry of Interior and Kingdom Relations

The Green Bond Working Group is responsible for:

- The implementation and maintenance of the Green Bond Framework
- Evaluation and selection of Eligible Expenditures
- Allocation and management of Green Bond Proceeds
- Green Bond investor reporting
- Monitoring of Eligible Expenditures throughout the life of the Green Bonds including monitoring ESG risks or controversies associated with the expenditures

2.3 Management of Proceeds

The DSTA will manage the proceeds of issued Green Bonds. On an annual basis, the DSTA will monitor the expenditure level of Eligible Expenditures via the National Financial Annual Report (*Financieel Jaarverslag van het Rijk*) for expenses related to central government budget articles or the Budget memorandum (*Miljoenennota*) for the tax relief measures, which outlines the realised expenditure levels of the Eligible Expenditures. Based on the realised expenditure levels, the DSTA will decide upon the allocation of the net proceeds of the issued Green Bond towards Eligible Expenditures.

As the Eligible Expenditures include expenditures from (i) the entire budget year preceding the year of the issuance, (ii) the budget year of issuance and (iii) future budget years, the DSTA intends to allocate at least 50% of the net proceeds of the issuance or re-opening of a Green Bond to expenditures in the budget year of issuance or future budget years.

The DSTA intends to fully allocate the proceeds of the issued Green Bond within a timeframe of maximum two years after the year of issuance. Pending the full allocation of the proceeds of the issued Green Bond to Eligible Expenditures, the DSTA will manage the unallocated proceeds in line with its treasury policy.

The allocation of the proceeds of the issuance or re-opening of a Green Bond to Eligible Expenditures will be reviewed and approved by the Green Bond Working Group on an annual basis, until full allocation. In the event that expenditures have been cancelled, postponed, or otherwise become ineligible, the DSTA will, in coordination with the Green Bond Working Group, reallocate on a best efforts basis the proceeds to other Eligible Expenditures as soon as reasonably practicable.

2.4 Reporting

For all issuances under this Framework, the State of the Netherlands is committed to provide investors with transparent reporting on the allocation of proceeds towards Eligible Expenditures as well as on the results and positive environmental impact of those expenditures. Both the allocation and impact reporting will be available on the [DSTA website](#).

2.4.1 Allocation of proceeds reporting

Within three months following the publication of the National Financial Annual Report of the year of the initial issuance or re-opening of a Green Bond issued under this Framework, the DSTA will publish an allocation report outlining:

- An overview of the allocation of the issued Green Bond to the main categories of Eligible Expenditures;
- A breakdown of allocated proceeds per main category of Eligible Expenditures on a Central Government Budget Article level or tax relief measure; where relevant, a breakdown of allocated proceeds to Green and Blue Expenditures;
- A breakdown of the allocated proceeds per budget year; expenditure in the budget year of issuance or subsequent budget years will be considered financing, while expenditure in the budget year previous to issuance will be considered refinancing;
- A breakdown of allocated proceeds per type of expenditures (direct investment expenditures, subsidies, tax relief measures and selected operational expenditures);
- The amount of unallocated proceeds;
- Any material developments relevant to the Eligible Expenditures.

The allocation report will be updated annually until full allocation of the proceeds of the issued Green Bond, and on a timely basis in case of material developments.

2.4.2 Impact reporting

The year following the initial issuance or re-opening of a Green Bond issued under this Framework, the DSTA will publish an impact report addressing the positive environmental impact of Eligible Expenditures. The DSTA intends to align, on a best efforts basis, with the recommendation of ICMA's "Handbook - Harmonised Framework for Impact Reporting" (June 2022)³¹.

The impact report will be based on existing publicly available reporting of the results and impact of Eligible Expenditures and will provide information on:

- Where feasible and available, specific results (e.g. total number of projects) and environmental impact indicators (e.g. avoided CO₂ emissions) related to the Eligible Expenditures to which green bonds proceeds have been allocated.

The DSTA also strives to provide social impact metrics to illustrate the expected social benefits generated by the Eligible Expenditures when feasible and relevant, including for example the expected number of beneficiaries or expected jobs creation.

An overview of anticipated results and environmental impact indicators per main category of Eligible Expenditures is included in Appendix I. The impact reporting also provides an estimation of adverse environmental and social impacts related to the Eligible Expenditures when feasible.

Where feasible, the impact report will be updated annually and until full allocation of the proceeds of the issued Green Bond, and on a timely basis in case of material developments. Where necessary, the DSTA may provide additional updates due to the time-lag in the publication of specific environmental impact indicators. The approach to impact reporting may be updated over time to align with emerging reporting standards and methodologies adopted by the State of the Netherlands.

³¹ ICMA – Harmonised Framework for Impact Reporting, June 2022 (available [here](#))

2.5 External review

The DSTA aims to adhere to the highest standards in terms of external review of the Framework. A two-step approach has been devised that incorporates the following steps:

1. **Pre-issuance verification** - Second Party Opinion by an External Reviewer
2. **Post-Issuance verification** - Verification by the Independent Central Government Audit Service (*Auditdienst Rijk*) of the State of the Netherlands

2.5.1 Pre-Issuance - Second Party Opinion

The DSTA has appointed Moody's for an external review of this Framework.

This assessment focuses, among other issues, in particular on:

- Alignment with the ICMA Green Bond Principles (2021, with June 2022 Appendix I)
- Adherence with the EU Taxonomy Climate Delegated Act (June 2021) and proposed and analysis of the coherence of the framework with overall national policies and action plans. Environmental Delegated Act (June 2023)

On 8 September 2023 Moody's has published its assessment in respect of this Framework. The Second Party Opinion is publicly available on the [DSTA website](#).

2.5.2 Post-Issuance Verification and Reporting

The year following the initial issuance or re-opening of a Green Bond issued under this framework, the DSTA will request the Independent Central Government Audit Service (*Auditdienst Rijk*) of the State of the Netherlands to provide an independent verification for the allocation of the proceeds to Eligible Expenditures in line with the criteria of this Framework. The independent verification will be provided annually and until full allocation of the proceeds of the relevant Green Bond issued or re-opened, and on a timely basis in case of material developments. The verification report(s) are made publicly available on the [DSTA website](#).

Appendix 1 – Overview of anticipated impact indicators

Eligible Expenditures	Result indicators	Environmental impact indicators
Eligible Green Expenditures		
Renewable Energy		
<ul style="list-style-type: none"> Stimulation of Sustainable Energy Production (SDE, SDE+ & SDE++) Tax relief for sustainable energy production by households (<i>Salderingsregeling</i>) Studies ‘Wind op Zee’ Hydrogen Backbone IPCEI Hy2Use Direct investment expenditures in Transmission System Operators (TSO) / Distribution Network Operators (DSO) 	<ul style="list-style-type: none"> Number of projects Number of projects split per renewable energy technology Total subsidised renewable energy capacity (in MW) Number and type of offshore wind feasibility studies Length of the hydrogen backbone (in Kilometres) Capacity of the hydrogen backbone (in GW) Share of renewable energy transported through the grid 	<ul style="list-style-type: none"> Actual annual energy production in MWh/GWh (electricity) and GJ/TJ (other energy) Annual greenhouse gas emission avoidance (in CO₂ equivalent)
Energy Efficiency		
<ul style="list-style-type: none"> Subsidy on heat networks 	<ul style="list-style-type: none"> Houses connected to the heat networks 	<ul style="list-style-type: none"> Annual energy savings (in MWh) Annual greenhouse gas emission reduction (in CO₂ equivalent)
Clean Transportation		
<ul style="list-style-type: none"> Maintenance and management of railway infrastructure Development of railway infrastructure for passenger rail Tax relief and subsidies for electric vehicles 	<ul style="list-style-type: none"> Realised projects (case studies) Kilometres of infrastructure maintained 	<ul style="list-style-type: none"> Annual passenger train kilometres Passenger-kilometres and/or passengers; or tonne-kilometres and/or tonnes Annual greenhouse gas emissions avoidance (in CO₂ equivalent) Reduction of air pollutants: particulate matter (PM), sulphur oxides (SO_x), nitrogen oxides (NO_x), carbon monoxide (CO), and non-methane volatile organic compounds (NMVOCs) Number of clean vehicles deployed (e.g. electric)
Eligible Blue Expenditures		
Climate Change Adaptation & Sustainable Water Management		
<ul style="list-style-type: none"> Deltafund 	<ul style="list-style-type: none"> Kilometres and percentage of dykes reinforced to a safe level Number and percentage of flood defences reinforced to a safe level 	<ul style="list-style-type: none"> Availability of flood defences (percentage) Reduction of flood risk / frequency Reduction in flood damage costs Reduced/avoided (clean) water loss Reduction in land-loss from inundations and or coastal erosion in km²

Appendix 2 – Overview of applicable (environmental & social) laws and regulations addressing the Do No Significant Harm (DNSH) criteria and Minimum Social Safeguards

Do No Significant Harm (DNSH)

Adaptation: The Netherlands adopted its National Adaptation Strategy (NAS)³² in 2016 which sets clear guidelines for adaptation action in the Netherlands to prepare for a climate-resilient future. Priorities have been set, based on the six most urgent climate risks. The NAS will be updated in 2025/2026 and included in the adaptation section of the Netherlands' National Contribution.³³

Water: Dutch Water Act (*Waterwet*)³⁴ simplifies the implementation of the European Water Directives. This applies, among other things, to the Water Framework Directive, which is based on the management of international transboundary river basins (rivers, lakes and deltas), the Directive on the Assessment and Management of Flood Risks and the Marine Strategy Framework Directive.

Circular Economy: The National Waste Management Plan sets out the policy for waste management in the Netherlands.³⁵ The Third Waste Management Plan covers the period 2017-2023, looking ahead to the period up to 2029 and states the following objectives for the waste policy: (i) Restricting the creation of waste, (ii) Restricting the burden of production chains on the environment, (iii) Optimisation of the use of waste in a circular economy. Also, the Netherlands has formulated a timeline for the transition to a circular economy by 2050 and the national Circular Economy Implementation Programme was updated in 2021.³⁶

The Dutch Building Decree (*Bouwbesluit 2012*)³⁷ implements the requirements resulting from the Energy Performance of Buildings 2010/31/EU and the Energy Efficiency 2012/27/EU Directives. It requires all new buildings to meet the Almost Energy Neutral Building requirements (*Bijna Energieneutrale Gebouwen*, BENG) norms, which replaces the Energy Performance Certificate (EPC). BENG requirements are assessed with NTA 8800. The Building Decree contains specific requirements related to refurbishing, building or demolishing buildings for separating building and demolition waste as well as safety, health, usability, energy efficiency and the environment.

32 Knowledgeportal Climate Adaptation - National climate adaptation strategy 2016 (NAS), 2 December 2016, (available [here](#))

33 Evaluation and follow-up National adaptation strategy (available [here](#), in Dutch)

34 Helpdesk Water – Legislation (available [here](#))

35 LAP3 – National Waste Management Plan (available [here](#))

36 Ministry of Infrastructure and Water Management – Circular Dutch economy by 2050 (available [here](#))

37 Government information for entrepreneurs - Building regulations (available [here](#))

Do No Significant Harm (DNSH)

Pollution Prevention: The Environmental Management Act (*Wet Milieubeheer*)³⁸ incorporates almost all national legislation on the environment. It sets out an integrated approach to environmental management in the Netherlands, including but not limited to environmental quality criteria for emissions and discharges of harmful substances such as greenhouse gases and heavy metals to air, water and soil. European environmental directives related to air pollution are implemented in the Environmental Management Act and the Activities Decree (*Activiteitenbesluit milieubeheer*).³⁹

The Industrial Emissions Directive which regulates emissions from large industrial sources is implemented in the Activities Decree. Emissions that are not regulated by the general binding rules of the Activities Decree are subject to permits. In order to prevent noise pollution, companies in the Netherlands must comply with noise regulations. These regulations are laid down in legislation, including the Environmental Permitting (General Provisions) Act (*Wet algemene bepalingen omgevingsrecht, Wabo*) and the Noise Abatement Act (*Wet geluidhinder, Wgh*)⁴⁰. The emission limits for most substances emitted to air by industrial sources are given by the Netherlands Emission Guideline for Air.

The Asbestos (Products) Decree (*Productenbesluit asbest*) regulates which products may and which products may not be produced. The building regulations provide for the removal of asbestos from existing structures in a certain manner (and that this must be reported). This is an interplay between the rules in the Building Decree (*Bouwbesluit 2012*), the Asbestos Removal Decree (*Asbestverwijderingsbesluit*) and the Working Conditions Decree (*Arbeidsomstandighedenbesluit*)⁴¹. The Building Decree also contains indoor metrics for the maximum permissible amount of asbestos fibre and formaldehyde concentrations, as well as rules on nuisance, dust and pollution.

The Environmental Management Act and its underlying decrees such as the Decree on Management of Batteries and Accumulators 2008 (*Regeling Beheer batterijen en accu's 2008*) and the Decree on waste electrical and electronic equipment (*Regeling afgedankte elektrische en elektronische apparatuur*) also incorporate the various EU legislation regarding the batteries and accumulators such as the Battery Directive (EU 2006/66/EC) and the EU Directive 2012/19/EU on waste electrical and electronic equipment (WEEE). These Directives set out the rules applicable to batteries and accumulators and contains a prohibition on the distribution of selling certain batteries with dangerous fluids and the disposal of electronic equipment, respectively. Finally, the End of Life Vehicle Directive (EU 2000/53/EC) is implemented in the Decree on the Management of End of Life Vehicles (*Besluit beheer autowrakken*)⁴².

Biodiversity: In the Netherlands, Environmental Impact Assessments (EIA) are established in law in Chapter 7 of the Environmental Management Act (*Wet Milieubeheer*)⁴³. An Environmental Impact Report (*milieueffectrapportage, MER*)⁴⁴ is a prerequisite for the construction of major infrastructure to state the possible positive or negative impact a proposed project may have. The EIA forms the basis for a zoning plan or a government-imposed zoning plan amendment and the application for the necessary permits.

As at the date of this Framework it is expected that effective as of 1 January 2024, the Environmental and Planning Act (*Omgevingswet*) will embody 26 existing laws around built environment, housing, infrastructure, environment, nature and water such as the Crisis and Recovery Act (*Crisis- en herstelwet*), Spatial Planning Act (*Wet ruimtelijke ordening*) and the Environmental Permitting Act (*Wet algemene bepalingen omgevingsrecht, Wabo*)⁴⁵. With the Environmental and Planning Act the current Building decree 2012 will expire. Technical requirements will be included in the Decree on construction works in the living environment (*Besluit bouwwerken leefomgeving, Bbl*), which will be one of the four General Administrative Orders that will implement the Environmental and Planning Act.

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 (*Wet natuurbescherming*). Nature areas, wild animals and plants in the Netherlands are also protected by the Nature Conservation Act, which took effect on 1 January 2017. This act replaces 3 other laws: the Nature Conservancy Act 1998 (*Wet natuurbescherming 1998*), the Flora and Fauna Act (*Flora- en faunawet*) and the Forestry Act (*Boswet*)⁴⁶. The Nature Conservation Act will merge into the Environmental and Planning Act as well.

Minimum Social Safeguards

Human rights in the Netherlands: The Netherlands adheres to the UN Guiding Principles on Business and Human Rights. The National Action Plan on Business and Human Rights (NAP)⁴⁷ describes how the government expects companies to conduct business with respect for human rights both in the Netherlands and abroad. The action plan also specifies what the government can do to support businesses and encourage them to observe human rights, for example by combating child labour.

38 Ministry of Infrastructure and Water Management – Environmental Management Act (available [here](#))

39 Rijkswaterstaat – Air (available [here](#))

40 Government information for entrepreneurs – Noise regulations (available [here](#))

41 Environmental Health Atlas – Asbestors (available [here](#))

42 Besluit beheer autowrakken (available [here](#))

43 Wet milieubeheer, (available [here](#))

44 Government information for entrepreneurs – Environmental impact assessment (MER) (available [here](#)) and Besluit milieueffectrapportage (available [here](#))

45 Government information for entrepreneurs - Introduction of the Environmental and Planning Act (*Omgevingswet*) (available [here](#))

46 Ministry of Agriculture, Nature and Food Quality – Legislation protecting nature in the Netherlands (available [here](#))

47 Ministry of Foreign Affairs - Revision of the National Action Plan on Business and Human Rights (available [here](#))

Minimum Social Safeguards

International human rights agreements: The Netherlands is a party to international human rights agreements, having signed and ratified the following human rights agreements:

- the International Covenant on Civil and Political Rights;⁴⁸
- the International Covenant on Economic, Social and Cultural Rights;⁴⁹
- the International Convention on the Elimination of All Forms of Racial Discrimination;⁵⁰
- the Convention on the Elimination of All Forms of Discrimination against Women;⁵¹
- the Optional Protocol to the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment;⁵²
- the Convention on the Rights of the Child;⁵³
- the International Convention for the Protection of All Persons from Enforced Disappearance;⁵⁴
- the Convention for the Protection of Human Rights and Fundamental Freedoms;⁵⁵
- the European Social Charter.⁵⁶

48 Office of the United Nations High Commissioner for Human Rights – International Covenant on Civil and Political Rights, 16 December 1966 (available [here](#))

49 Office of the United Nations High Commissioner for Human Rights – International Covenant on Economic, Social and Cultural Rights, 16 December 1966 (available [here](#))

50 Office of the United Nations High Commissioner for Human Rights – International Convention on the Elimination of All Forms of Racial Discrimination, 21 December 195 (available [here](#))

51 Office of the United Nations High Commissioner for Human Rights – Convention on the Elimination of All Forms of Discrimination against Women, 18 December 1979 (available [here](#))

52 Office of the United Nations High Commissioner for Human Rights – Optional Protocol to the Convention against Torture and other Cruel, Inhuman or Degrading Treatment or Punishment, 18 December 2002 (available [here](#))

53 Office of the United Nations High Commissioner for Human Rights – Convention on the Rights of the Child, 20 November 1989 (available [here](#))

54 Office of the United Nations High Commissioner for Human Rights – International Convention for the Protection of All Persons from Enforced Disappearance, 18 December 1922 (available [here](#))

55 Council of Europe – The European Convention on Human Rights, 4 November 1950 (available [here](#))

56 Council of Europe – The European Social Charter, 18 October 1961 (available [here](#))

Disclaimer

Potential investors should be aware that notwithstanding the development of the EU Taxonomy there is currently no globally accepted definition (legal, regulatory or otherwise) of, nor clear market consensus as to what constitutes, a “green” or “sustainable” or an equivalently-labelled project or as to what precise attributes are required for a particular project to be defined as “green”, “blue” or “sustainable” or such other equivalent label nor can any assurance be given that such a globally accepted definition or consensus will develop over time. In addition, it is an area which has been, and continues to be, the subject of many and wide-ranging voluntary and regulatory initiatives to develop rules, guidelines, standards, taxonomies and objectives. Accordingly, no assurance is or can be given to potential investors that any projects or uses the subject of, or related to, any Eligible Expenditures will meet any or all investor expectations regarding such “green”, “blue”, “sustainable” or other equivalently-labelled performance objectives or that any adverse environmental, social and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any Eligible Expenditures.

Furthermore, no assurance can be given that the use of proceeds from the green bond for any Eligible Expenditures will satisfy, whether in whole or in part, any existing or future legislative or regulatory requirements, or any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any Eligible Expenditures.

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