

# POST-ISSUANCE CLIMATE BOND CERTIFICATION

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Verifier's Report for Post-Issuance Certification  
for the Green Bond Issued by de Volksbank N.V.



## SCOPE

De Volksbank commissioned ISS ESG to compile a Verifier's Report for Post-Issuance Certification of its Green Bond by the Climate Bonds Initiative (CBI). The Climate Bonds Certification process includes verifying whether the provisions of the Climate Bonds Standards issued by the CBI are met and obtaining evidence to support the verification.

## CRITERIA

Relevant CBI Standards for this Climate Bonds Certification:

- Climate Bonds Standard (Version 2.1.)
- Residential Building Criteria (Version 1.0)

## ISSUER'S RESPONSIBILITY

De Volksbank's responsibility was to provide information and documentation on:

- Selection of nominated projects & assets
- Technical aspects of projects & assets
- Internal processes & controls
- Proposed reporting

## ISS ESG's VERIFICATION PROCESS

ISS ESG is one of the world's leading independent environmental, social and governance (ESG) research, analysis and rating houses. The company has been actively involved in the sustainable capital markets for over 25 years. Since 2014, ISS ESG has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

ISS ESG has been conducted this independent Post-Issuance Verification Process of the green bond to be issued by de Volksbank based on the Climate Bond Standards 2.1. and in line with the limited assurance procedure defined by the International Standard on Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000).

ISS ESG's approach is to assess whether the issuer's Green Bond meets the criteria of the Climate Bond Standards 2.1. is as follows:

- The issuer provided an overview over the assets to be included in the Green Bond asset pool and the relevant processes and documentation regarding the proceeds (e.g. use of proceeds, management of proceeds) to ISS ESG.
- The issuer filled in a questionnaire that covers all criteria of the Climate Bonds Standard 2.1.
- The issuer provided background documents that elaborate further on the information mentioned in the questionnaire.
- Using the questionnaire and background documents, ISS ESG carried out an assessment of the CBI criteria. In case any answers were unclear, ISS ESG contacted the issuer for more details and clarification.

The engagement with de Volksbank took place in October 2020.

## ISS ESG's BUSINESS PRACTICES

ISS has conducted this verification in strict compliance with the ISS Code of Ethics, which lays out detailed requirements in integrity, transparency and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

## RESTRICTION ON DISTRIBUTION AND USE OF REPORT

This Verification Report for Climate Bonds Certification including all documentation provided alongside is intended for the use of de Volksbank and the Climate Bonds Standard Board. The present document may be published by de Volksbank, CBI and ISS ESG. CBI and ISS ESG agree to publish the report with the consent of de Volksbank.

## OPINION

Based on the limited assurance procedures conducted and evidence obtained, nothing has come to our attention that causes us to believe that, in all material respects, the de Volksbank's Green Bond is not in conformance with the Climate Bonds Standard's Post-Issuance Requirements.



ROBERT HAßLER  
ISS ESG  
Munich, 27 October 2020

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## About ISS ESG

ISS ESG provides high quality solutions for sustainable and responsible investment and corporate governance. The External Review team, covering Second Party Opinions (SPOs) and Climate Bond Certifications is made up of colleagues across ISS ESG.

Originally founded in 1993 and formerly known as oekom research, ISS ESG is one of the world’s leading ESG research and rating agencies for sustainable investments with an unsurpassed rating methodology and quality recognition. ISS ESG analyzes businesses and countries with respect to their environmental social and governance performance. As an experienced partner of institutional investors and financial service providers, we analyse the level of responsibility exercised by equity and bond issuers towards society and the environment. Under the new ownership, ISS ESG completes the ESG research and RI services offerings of ISS, making it a worldwide pure-player in the area of RI Research & Solutions. ISS ESG is headed by Robert Haßler, former CEO and co-founder of oekom research. More information: [www.issgovernance.com](http://www.issgovernance.com).

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## ANNEXES

Annex 1: Detailed Findings

Annex 2: Detailed Findings Residential Property

## ANNEX 1: DETAILED FINDINGS

## 4. NOMINATED PROJECTS &amp; ASSETS

	REQUIREMENTS	FACTUAL FINDINGS	ANALYSIS AGAINST REQUIREMENTS
4.1	Decision-making process to determine the continuing eligibility of nominated projects and assets	De Volksbank has defined the refinancing of mortgages for energy efficient residential buildings in the Netherlands as its environmental objective.	✓
4.2	Conformance with the Bond's documented objectives and requirements of Part B of the CBI Standard	De Volksbank assesses all proposed assets against its eligibility criteria. These meet the bond's objectives and conform with the eligibility criteria under Part B of the Climate Bonds Standard and the sector-specific eligibility criteria of the Climate Bond eligibility criteria on Low Carbon Buildings.  All buildings belong to the top 15% low carbon residential buildings in the Netherlands.	✓
4.3	No double nomination of projects and assets	Nominated Projects & Assets will not be nominated to other Certified Climate Bonds.	✓

## 5. USE OF PROCEEDS

	REQUIREMENTS	FACTUAL FINDINGS	ANALYSIS AGAINST REQUIREMENTS
5.1	Allocation of net proceeds to nominated projects and assets.	All proceeds had been allocated to nominated assets as per de Volksbank's Allocation Report 2019 available on de Volksbank website: <a href="https://www.devолksbank.nl/en/investor-relations/green-bonds">https://www.devолksbank.nl/en/investor-relations/green-bonds</a>	✓
5.2	Allocation of funds within 24	The proceeds were fully allocated at issuance.	✓

months of issuance of the bond

5.3	Share of financing and refinancing.	The net proceeds of the Green Bond were used 100% for refinancing by de Volksbank.	✓
5.4	Tracking of proceeds	The net proceeds of the bond are moved to a Green Bond portfolio and are tracked in the organisation.	✓
5.5	Net proceeds of the loan and investment to nominated projects and assets	<p>Within its Framework, de Volksbank states that the it will strive to achieve a level of allocation for the Eligible Green Loan Portfolio which matches or exceeds the balance of net proceeds from its outstanding Green Bonds.</p> <p>Within its 2019 allocation report, it is clear that the portfolio is overcollateralized.</p>	✓

## 6. NON-CONTAMINATION OF PROCEEDS

	REQUIREMENTS	FACTUAL FINDINGS	ANALYSIS AGAINST REQUIREMENTS
6.1	Tracking of proceeds	The net proceeds of the bond are moved to a Green Bond portfolio and are tracked in the organisation.	✓
6.2	Non-contamination of proceeds	Pending the full allocation of the Proceeds, or in case of an insufficient Eligible Green Loan Portfolio, de Volksbank will hold and/or invest, at its own discretion, the balance of net proceeds not yet allocated to the Eligible Green Loan Portfolio in its treasury liquidity portfolio, in cash or other short term and liquid instruments with a sustainable character (such as green and social bonds).	✓
6.3	Cases of force majeure	n/a. All proceeds have been allocated.	n/a

## 7. CONFIDENTIALITY

	REQUIREMENTS	FACTUAL FINDINGS	ANALYSIS AGAINST REQUIREMENTS
7.1	Description of the projects	<p>De Volksbank has defined the refinancing of mortgages for energy efficient residential buildings in the Netherlands as its environmental objective.</p> <p>All buildings belong to the top 15% low carbon residential buildings in the Netherlands.</p>	✓
7.2	Disclosure of information to the market	<p>Details on de Volksbank's Green Bond are available in both the 2019 Impact and Allocation Reports, available on the issuer's website: <a href="https://www.devолksbank.nl/en/investor-relations/green-bonds">https://www.devолksbank.nl/en/investor-relations/green-bonds</a></p>	✓

## 8. REPORTING

	REQUIREMENTS	FACTUAL FINDINGS	ANALYSIS AGAINST REQUIREMENTS
8.1	Description of reporting	<p>Details on de Volksbank's Green Bond are available in both the 2019 Impact and Allocation Reports, available on the issuer's website: <a href="https://www.devолksbank.nl/en/investor-relations/green-bonds">https://www.devолksbank.nl/en/investor-relations/green-bonds</a></p> <p>The quantitative performance indicators include:</p> <ul style="list-style-type: none"> <li>• Estimated ex-ante annual energy consumption and energy saving in KWh/m<sup>2</sup></li> <li>• Estimated annual financed emissions and avoided/reduced emissions in tons of CO<sub>2</sub> equivalents</li> </ul>	✓

## 9. CLIMATE BOND TAXONOMY

	REQUIREMENTS	FACTUAL FINDINGS	ANALYSIS AGAINST REQUIREMENTS
8.1	Matching of Climate Bond category	<p>Eligible assets are residential buildings conform with the relevant eligibility requirements under part B of the Climate Bonds Standards.</p> <p>All buildings belong to the top 15% low carbon residential buildings in the Netherlands.</p>	✓

## 10. TECHNICAL CRITERIA

	REQUIREMENTS	FACTUAL FINDINGS	ANALYSIS AGAINST REQUIREMENTS
10.1	Sector-specific eligibility criteria	<p>De Volksbank assesses all proposed assets against its eligibility criteria. These meet the bond's objectives and conform with the eligibility criteria under Part B of the Climate Bonds Standard and the sector-specific eligibility criteria of the Climate Bond eligibility criteria on Low Carbon Buildings.</p> <p>All buildings belong to the top 15% low carbon residential buildings in the Netherlands.</p>	✓
10.2	Bonds covering several sector-specific criteria	n/a (low carbon buildings only)	✓

## 11. PROJECT HOLDING

	REQUIREMENTS	FACTUAL FINDINGS	ANALYSIS AGAINST REQUIREMENTS
11.1	Holding of assets with a fair market value at least of the original	The Eligible Green Loan Portfolio largely exceeds the outstanding Green Funding as disclosed in the 2019 Allocation Report.	✓



amount at time of issuance

If needed, additional Eligible Loans would be added to the Eligible Green Loan Portfolio in accordance with the Process for Project Selection and Evaluation as set out in the de Volksbank Green Bond Framework and in accordance with Part B of the Climate Bonds Standard

## 12. SETTLEMENT PERIOD

	REQUIREMENTS	FACTUAL FINDINGS	ANALYSIS AGAINST REQUIREMENTS
12.1	Description of the process and timeline of distribution of proceeds	All proceeds had been allocated to nominated assets directly at the time of issuance.	✓
12.2	Description of process regarding unallocated proceeds after 24 months	n/a. All proceeds had been allocated to nominated assets directly at issuance of the bond.	n/a

## 13. EARMARKING

	REQUIREMENTS	FACTUAL FINDINGS	ANALYSIS AGAINST REQUIREMENTS
13.1	Description of internal earmarking process	De Volksbank has established an earmarking process to manage and account for funding to the nominated assets. This process is overseen by de Volksbank’s Climate Neutral Committee. The Committee will oversee the entire process, including the evaluation and selection of eligible loans	✓

## ANNEX 2: DETAILED FINDINGS LOW CARBON BUILDINGS



**The Green Bond Asset Pool complies with the Low Carbon Buildings criteria for Residential Property of the Climate Bonds Initiative.**

Having received an Energy Performance Certificate (EPC) label “A” in the Netherlands, assets are automatically eligible for the Climate Bonds Certification and are part of the top 15% energy efficient buildings of the Dutch market.