

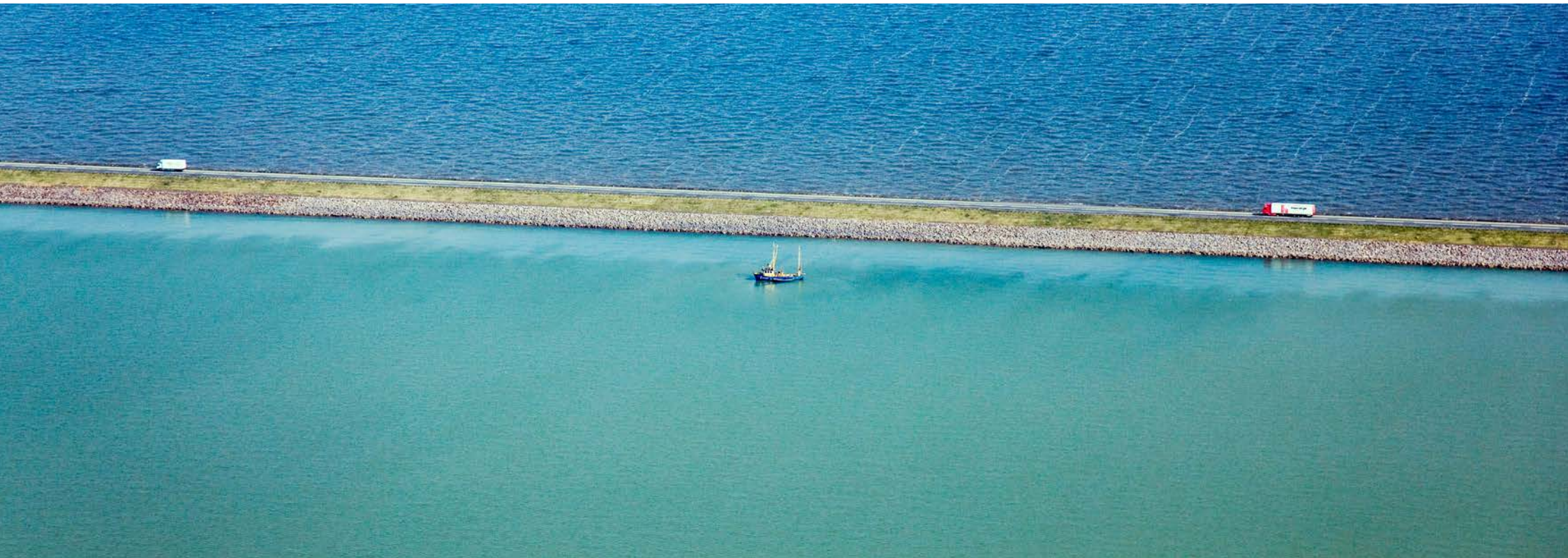


Dutch State Treasury Agency
Ministry of Finance

State of the Netherlands

Green bond report

27 May 2021



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1. Introduction



The Dutch State Treasury Agency (DSTA) is proud to present this Green Bond Report, which reports on the allocation and impact of EUR 3,008 million worth of green bonds issued by the Dutch State in 2020. This report builds on the format of the previous Green Bond Report.¹

Based on the previous Green Bond Report, we have spoken to investors and banks. In this report, we discuss the feedback received by the DSTA and we have used this feedback to make a more in-depth assessment, for example by providing more insights on how the green bond relates to the EU taxonomy.

The envisaged target size for the green bond (at least EUR 10 billion in outstanding green bonds) issuance was reached at the tap auction on 23 February 2021. The outstanding amount now amounts to a total of EUR 10,708 million. For the time being, it is not being envisioned that the green bond will again be reopened. In 2022, the last Allocation and Impact report for this green bond will be published.

As indicated in the Outlook for 2021, the DSTA aims to remain active in the green bond market. The DSTA will, partly depending on the amount of green expenditures being agreed by the new government, undertake the necessary preparations for a new issuance of a green bond in the near future.

I hope you enjoy reading our report and as always the DSTA appreciates any feedback you may have.

Elvira Eurlings

Agent Dutch State Treasury Agency



¹ Refer to <https://english.dsta.nl/subjects/green-bonds/documents/publication/2020/05/28/green-bond-report>

2. Allocation Report



During the tap auctions in 2020, the Dutch State issued green bond to the value of EUR 3,008 million. The interdepartmental Green Bond Working Group decided to allocate the 2020 green bond proceeds to the budget items explicitly mentioned in Table 1 of the Green Bond Framework¹, for expenditures that were realised in 2019 and 2020. As expenditures in 2019 amounting to EUR 2,993 million of the EUR 3,362 million had already been allocated in 2019, EUR 369 million worth of expenditures in 2019 remains for the funds raised with the green bond in 2020.

It has been decided to allocate the rest of the funds raised in 2020 to expenditures realised in 2020. The eligible expenditures thus determined are higher than the issuance of green bonds in 2020 (EUR 3,834 million worth of eligible expenditures vs. EUR 3,008 million worth of issuance). This means that the unallocated amount for the green bond is 0 euro.

The evaluation and selection of eligible green expenditure fall under the responsibility of the interdepartmental Green Bond Working Group. This working group includes representatives from the Dutch State Treasury Agency (DSTA) of the Ministry of Finance, from other relevant departments within the Ministry of Finance and from the Ministry of Economic Affairs and Climate and the Ministry of Infrastructure and Water Management. The interdepartmental Green Bond Working Group bases its selection on eligible green expenditures proposed by the DSTA. The Working Group assesses whether the inclusion of expenditures are possible, it checks whether expenditures meet the criteria and definitions in the Green Bond Framework and approves the final selection of expenditures.

The Green Bond Framework distinguishes four expenditure categories for which the green bond proceeds can be used: renewable energy, energy efficiency, clean transportation, and climate change adaptation & sustainable water management. The Green Bond Framework likewise contains a list of the main items in the National Budget that comply with these four expenditure categories.

The eligible green expenditures may include expenditures of the financial year in which the green bond is issued, the financial year immediately preceding it and future financial years. Hence, the DSTA has committed itself to allocate at least 50% of the net green bond proceeds to expenditure in the financial year in which the green bond was issued or future financial years. For the final allocation, the interdepartmental Green Bond Working Group has decided to allocate all eligible expenditures in 2020 in full to the green bond, with the exception of expenditures on

¹ Refer to <https://english.dsta.nl/subjects/green-bonds/documents/publication/2019/04/08/green-bond-framework>

railway infrastructure (Infrastructure Fund, Article 13) and for energy efficiency. For the expenditures in railway infrastructure, only 62.4% of the eligible expenditures were taken into account over 2020. For energy efficiency, 45.0% of the eligible expenditures were taken into account over 2020.





Since railway expenditures are the biggest and the DSTA wants to have a diversified portfolio of allocations, the choice was made, percentage-wise, to allocate a lower percentage namely the above mentioned 62.4% regarding the expenditures for railways. All eligible expenditure on railway infrastructure over 2019 has been taken into account, which had not yet been allocated with the funds raised in 2019 for which a correction has taken place with the percentage of non-electrified railway infrastructure in 2019 (9%). The table has been corrected to show the relevant proceeds on the items with which the selected expenditures outside the green bond are being financed. The table below clearly sets out how the funds have been allocated to the relevant government expenditures. At the same time, the nature of expenditures is explained in detail for each expenditure category.

The percentage allocation is the percentage of the green bonds' proceeds allocated to a category of expenditures in relation to the total eligible green government expenditures. All eligible expenditures in 2019 and 2020 has been selected for all categories, except for railway infrastructure and for energy efficiency. For railway infrastructure expenditure in 2019, EUR 1,500 million was allocated in 2019.

Where possible, green expenditures are brought in line with the EU green taxonomy published in April 2021². For the category clean transportation and for the category energy efficiency, we have made a correction to bring the expenditures in line with the technical screening criteria of the EU green taxonomy. The screening criteria for the category clean transportation focuses on electrification of railway tracks and for the category energy efficiency a saving of at least 30% should apply. To this end, we have made a 7.1% correction to railway expenditures in 2020, which is equal to the percentage of passenger tracks that is not being electrified in 2020. For energy efficiency, only the percentage of homes where more than 30% energy savings was being recorded, has been included in the allocation report (45% of the homes). In 2019, this correction was not applied since the average energy saving (38.1%) was much higher at that time. This was partly due to the fact that until 2016, the Energy Performance incentive scheme for the rental sector (STEP) required that homes with at least three label steps (approx. 30% energy savings) should be improved. Since 2016, the scheme has required at least two label steps.

² EU Taxonomy – Delegated Act on Climate Change Mitigation and Climate Change Adaptation, published on 21 April 2021, refer to https://ec.europa.eu/info/publications/210421-sustainable-finance-communication_en



Annual expenditures category (x € 1 mln)		Allocation table expenditures financed with the green bond									
		2019				2020					
Category	Description	Total expenses (in million €)	Expenses allocated to green bond (in million €)	Percentage of allocation	Type green expenditure	Total expenses (in million €)	Expenses allocated to green bond (in million €)	Percentage of allocation	Type green expenditure	Total	Percentage of total
 Renewable Energy	Stimulation of Sustainable Energy Production (SDE)	495	0	0.0%	Subsidy	520	520	100.0%	Subsidy	520	17.3%
	Offshore wind energy	348	0	0.0%		364	364	100.0%		364	12.1%
	Onshore wind energy	134	0	0.0%		144	144	100.0%		144	4.8%
	Solar energy	13	0	0.0%		13	13	100.0%		13	0.4%
 Energy Efficiency	Energy savings in the rental housing sector	134	0	0.0%	Subsidy	102	46	45.0%	Subsidy	46	1.5%
 Clean Transportation	Maintenance and management of railway infrastructure, development of railway infrastructure for passenger rail	1,870	336	18.0%	76,7% operational expenditures* and 23,3% direct investment	1,958	1,222	62.4%	74,8% operational expenditures* and 25,2% direct investment	1,558	51.8%
	Management, maintenance and replacement	1,458	262	18.0%		1,506	940	62.4%		1,202	40.0%
	Construction	302	54	18.0%		357	223	62.4%		277	9.2%
	Integrated contract forms/PPC	144	26	18.0%		155	97	62.4%		123	4.1%
	Interest and redemptions	10	2	18.0%		10	6	62.4%		8	0.3%
	Receipts	-44	-8	18.0%		-70	-44	62.4%		-52	-1.7%
 Climate Change Adaptation & Sustainable Water Management	Delta Fund	863	0	0.0%	59,2% operational expenditures and 40,8% direct investment	884	884	100.0%	54,9% operational expenditures and 45,1% direct investment	884	29.4%
	Flood risk management Investments	304	0	0.0%		258	258	100.0%		258	8.6%
	Freshwater supply investments	0	0	0.0%		14	14	100.0%		14	0.5%
	Management, maintenance and replacement	195	0	0.0%		144	144	100.0%		144	4.8%
	Experimentation	21	0	0.0%		74	74	100.0%		74	2.5%
	Network related costs and other expenditures	316	0	0.0%		341	341	100.0%		341	11.3%
	Water quality investments	28	0	0.0%		52	52	100.0%		52	1.7%
Total expenditures		3,362	336			3,464	2,672			3,008	100.0%

* The expenses for maintenance, management and replacement of railway infrastructure are distributed by the Ministry of Infrastructure and Water Management as a subsidy to ProRail.

** Due to rounding in the table above it could occur that the sum of the categories is slightly different than the total.

*** Only the allocated amount of clean transportation over 2019 are eligible expenses over 2019 since the rest of the expenses have already been allocated in 2019.



I. Renewable Energy

To stimulate renewable energy generation, over the last few years the Dutch State has introduced several successive subsidy schemes MEP, SDE, SDE+ and SDE++¹. These schemes provide long-term economic security for operators of renewable energy generation plants. This will stimulate the generation of renewable energy.

Of these subsidy schemes, the SDE scheme has been selected as an eligible expenditure. In 2018 and 2019, the Environmental Quality of Electricity Production (MEP) expenditure was very modest in size, while the Surcharge on Sustainable Energy (ODE) is a source of funding for the SDE+ and SDE++ schemes. This means that the latter expenditures fall outside the definition of eligible expenditures for this green bond.

SDE expenditures relate to a series of techniques for the generation of renewable energy. For the allocation of the green bond proceeds to SDE expenditures, only expenditures relating to subsidies for onshore wind energy, offshore wind energy and solar energy have been selected. The SDE scheme compensates additional costs incurred by a producer in the generation of renewable electricity (and biogas) for a period of 12 to 15 years. The SDE scheme is therefore an operating subsidy which will compensate for the unprofitable part of renewable electricity generation in order to encourage these projects being developed. The annual subsidy amount decreases as the electricity price increases (after all, it is becoming more profitable to generate renewable electricity). The subsidy scheme apply to renewable energy projects which are now operational, but for which an annual subsidy has been granted for a period of 12 to 15 years. As a result, project developers and investors have gained greater certainty about the profitability of the project, enabling them to operate their energy generation plant in a responsible manner.

When the SDE scheme was introduced, it was one of the most important instruments by which the State encouraged the energy transition. Many of the SDE features are still present in the SDE+ scheme and its successor, the SDE++ scheme.

¹ Environmental Quality of Electricity Production (MEP), Stimulation of Sustainable Energy Production (SDE).



II. Energy Efficiency: STEP

On 1 July 2014, the Energy Performance incentive scheme for the rental sector (STEP) came into force to achieve energy savings in (social) rental homes. The budget for this scheme was EUR 400 million, of which EUR 5 million was for implementation expenses and EUR 395 million for the scheme. Through the STEP scheme, housing corporations and property owners receive subsidies for improving the energy efficiency of existing housing through energy-saving measures (such as floor or wall insulation, high-efficiency glazing, more efficient central heating systems). The amount of the subsidy depended on the improvement in the energy label.

No more applications for this subsidy were accepted after 31 December 2018. The government entered into commitments for the entire subsidy budget and has granted about 4,800 applications, which made sustainability improvement possible for a total of 112,572 homes. The subsidies were paid out two years after they had been granted, based on the achieved improvement in the energy performance of the relevant housing. In 2018, payout of the subsidies commenced and a total of EUR 105.8 million was spent, with which almost 30,000 housing units have been sustainably improved. In 2019, EUR 134.3 million was spent on sustainability improvement of about 45,000 rental homes. In 2020, another EUR 101.7 million have been granted to renovate about 38,000 homes. The table above shows the allocated amount spent on homes where more than 30% energy savings have been realized (45% of homes and therefore 45% of the total amount).

III. Clean Transportation

The Dutch railway system transports large flows of passengers between cities safely, sustainably, cost-effectively and space-efficiently. In 2020, there were 9.8 billion rail passenger kilometres, which was 55% less than in 2019 (see also the next chapter). The largest rail transportation operator in the Netherlands – the NS – operates on 100% green power, whereas 92.9% of the main track has been electrified. Furthermore, steps have been taken by ProRail, the network infrastructure manager, to reduce the carbon footprint while maintaining and constructing the tracks, e.g. by circular usage of materials (see case studies). ProRail carries out its activities on behalf of the Ministry of Infrastructure and Water Management. For the management, maintenance and replacement of the railways, ProRail receives subsidy by way of the railway concession from the Infrastructure Fund of the Ministry of Infrastructure and Water Management. ProRail also receives funds from the Infrastructure Fund for the construction of State infrastructure projects carried out by ProRail on the railways. Allocation of

proceeds from the green bond for railway infrastructure expenditures does not include expenditures specifically intended for freight traffic.

IV. Climate Change Adaptation and Sustainable Water Management

In 2020, the Netherlands faced extreme weather conditions: prolonged drought, heat and heavy showers. The precipitation deficit has still not been resolved. In the summer of 2020, several heat records were broken. For example, the hundredth hot day of the year was recorded on 13 September, when the thermometer still reached 20 °C. Research simultaneously showed that future sea levels may rise faster than was assumed in the delta scenarios. The World Economic Forum (WEF) also believes that climate change is the biggest threat to the global economy. It is therefore of vital importance that the Netherlands continues to prepare itself for the consequences of climate change, by having good protection against high water, plenty of fresh water and a climate-resistant and water-robust design.

Since 2010, the Netherlands has been working on common goals in the Delta Programme in conjunction with various public authorities and organisations. The Netherlands is not waiting for new flood disasters to strike but is ensuring that it stays ahead of any disasters, major damage and problems. Expenditures in this category are expenditures from the Delta Fund to ensure that high-water protection, freshwater supply and spatial planning are climate-proof and that water safety is guaranteed. For example, the identified weak links in the high-water protection system are systemically addressed and improved to meet the threat level that is foreseen for 2050.

Since 2020, cooperation has been sought with local authorities and suppliers to reduce the associated carbon emissions for these improvements. The Ministry of Infrastructure and Water Management has the ambition to work completely climate neutral and circular by 2030 at the latest. This means a 100% reduction in carbon emissions, high-quality reuse of all materials and halving the use of primary raw materials. For example, from 2021 onwards, ProRail and Rijkswaterstaat will be tendering projects for water, roadways, railways and navigable waterways that are more explicitly climatically-neutral and circular. In this way, market leaders are rewarded financially.



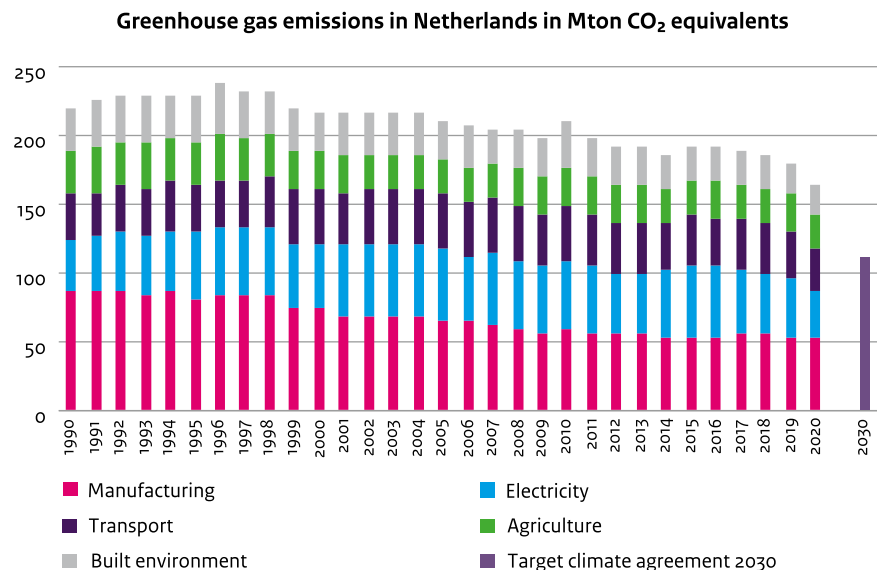
3. Impact Report



In the Green Bond Framework, the DSTA has committed itself to updating the Impact Report every year until the full amount of the proceeds of the issued green bond has been allocated. The DSTA's approach is that the reporting is based as far as possible on existing public reports on the results and impact of green expenditures.

Impact metrics for the Netherlands

The introduction of this chapter initially discusses impact metrics that apply to the Netherlands and are related to climate change. Then, where feasible and available, specific impact results are presented in relation to green expenditures allocated to the green bond. The emphasis here is on the projections of avoided carbon emissions for each expenditure category. Finally, chapters 4, 5 and 6 provide a more in-depth exploration with case studies of projects that have been financed with the expenditures being included in the green bond framework.



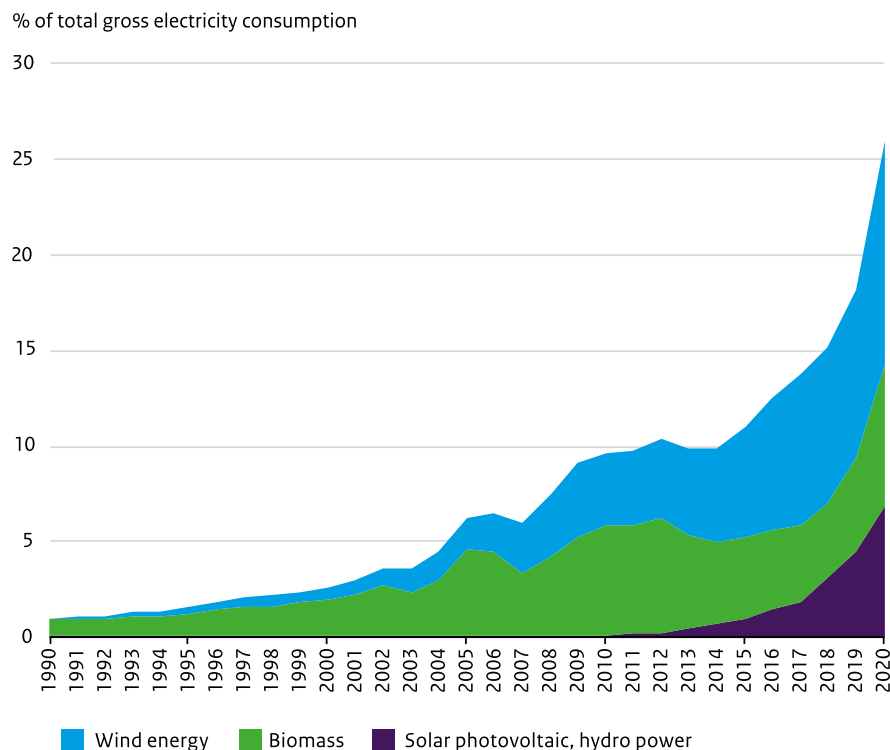
Source: Statistics Netherlands, National Institute for Public Health and Environmental Protection (RIVM)/Emissions Registration

The above illustration shows that greenhouse gas emissions in the Netherlands in 2020 were 8.0% lower than in 2019, a reduction of 14.4 Mton of CO₂ equivalents. Emissions in 2019 were 24.5% lower than in 1990. The objective in the Climate Agreement is to reduce greenhouse gas emissions by 49% by 2030 in comparison to 1990. The most substantial decline in emissions last year was recorded in the electricity sector, namely 21% relative to 2019. This is related to the reduced consumption of coal. Multiple factors account for this reduction. Firstly, the coal-fired Hemweg power station in Amsterdam was closed at the end of 2019, while the Riverstone power station on the Maasvlakte was stationary for most of the year 2020 due to malfunctioning. Secondly, the coal-fired power plants were facing higher coal and carbon prices, giving them a competitive disadvantage compared to natural gas-fired power stations; the latter benefited from lower gas prices while offering cleaner electricity production. Thirdly, demand for electricity was increasingly being met by renewable sources such as wind and solar. Finally, overall demand for electricity fell both in the Netherlands and in neighbouring countries due to the coronavirus crisis.

The following illustration shows that the production of renewable electricity in 2020 amounted to nearly 26% of the total electricity consumption in the Netherlands, or 31 billion kWh. Measured in kilowatt-hours (kWh), this is 40% more than in 2019. Growth can mainly be found in the production of electricity using solar panels. Here, production increased by 50% compared to 2019 (from 5.34 to 7.99 bn. kWh). The increase is directly related to the increased installed capacity. The use of biomass for electricity production also contributes to the increase, which was 49% higher in 2020 than in 2019 (from 6.0 to 9.3 bn. kWh). Wind energy production rose by 29% (from 10.8 to 13.9 bn. kWh). This increase is related to the extension of a number of wind farms. The capacity from offshore wind energy rose from about 1000 MW in 2019 to 2500 MW in 2020 by two new, big wind farms at the Zeeland coast at Borssele. While wind energy production rose the least it represents the largest share in the production of renewable electricity in the Netherlands.



Production of renewable electricity



Source: Statistics Netherlands

National objectives in a European context

With a lower gas price and the planned phasing-out of coal-fired power stations abroad, the current expectation is that by 2030, Dutch gas-fired power plants will run more than was previously anticipated. They will take over production from less efficient (coal-fired) power stations abroad. In the Netherlands, this results in more carbon emissions than previously projected, but in Europe, this particularly reduces carbon emissions. For our national target this is a setback of more than 5 Mtons, but in the wider context this has a positive impact on climate.








This shows the tension between national targets under the Climate Act (Klimaatwet), and the fact that the realization of targets are partly dependent on factors that cannot be influenced by national policies. This is particularly true for internationally operating sectors, such as the electricity sector.

Impact of the Dutch State's green bond

The table below shows an overview of the impact of green bonds issued in relation to eligible expenditures in 2019 and 2020. The avoided CO₂ always relates to the joint impact of all the expenditures and investments of all actors for the underlying projects, with the exception of clean transportation, where the avoided CO₂ is calculated on the part financed by the green bond. The paragraphs below state what the share or ratio of the government's expenditures are compared to total expenditures. The impact of clean transportation over 2019 has also been presented in the table below, since the funds raised by the green bond in 2020 have also financed the remaining part of clean transportation expenditure over 2019. This impact over 2019 is not presented for the other categories as these were already included in the previous Green Bond Report.



Impact table expenditures financed with the green bond

Category	Category description	2019		2020			
		Impact metric avoided CO ₂	Result indicators	Impact metric other	Impact metric avoided CO ₂	Result indicators	Impact metric other
 Renewable Energy	Stimulation of Sustainable Energy Production (SDE)				2.77 Mton	9,830 projects 1,730 MW subsidised power	20.32 PJ sustainable production 5,645 million kWh
  Energy Efficiency	Energy savings in the rental housing sector				0.05 Mton	37,820 rented homes 109,485 energy label steps	Annual energy savings: 0.766 PJ 213 GWh
  Clean Transportation	Maintenance and management of railway infrastructure, development of railway infrastructure for passenger rail	0.02 Mton	3 realised railway projects 7,114 km track maintained invested in 47 projects	21.7 billion rail passenger kilometres in 2019	0.08 Mton	3 realised railway projects 7,129 km track maintained invested in 46 projects	9.8 billion rail passenger kilometres in 2020.
  Climate Change Adaptation & Sustainable Water Management	Delta Fund: <ul style="list-style-type: none"> • Flood risk management investments • Freshwater supply investments • Management, maintenance, and replacement • Experimentation • Network related costs and other expenditures • Water quality investments 					In 2020, 130 kilometres of safe dykes will be based on the new standards. This is 14% of all dykes. The aim is 100% safe dykes by 2050. In 2020, 24 flood defences meet the new standards. This is 5% of all flood defences. The aim is 100% safe flood defences by 2050. Major efforts are being undertaken to strengthen dykes and engineering structures and to ensure water safety in the Netherlands. In the Delta Programme Water Safety, there are 27 projects in the exploratory phase, 21 projects in the plan elaboration phase and 14 projects in the implementation phase. Moreover, 6 measures are being executed. By 2025, this will lead to 379 km of safe dykes and 209 safe engineering structures.	The aim is to reduce the risk of death to 1:100,000 a year by 2050. The standards for dykes and flood defences have been adapted accordingly. Availability of storm-surge barriers was 83% in 2020. The target is 100%.



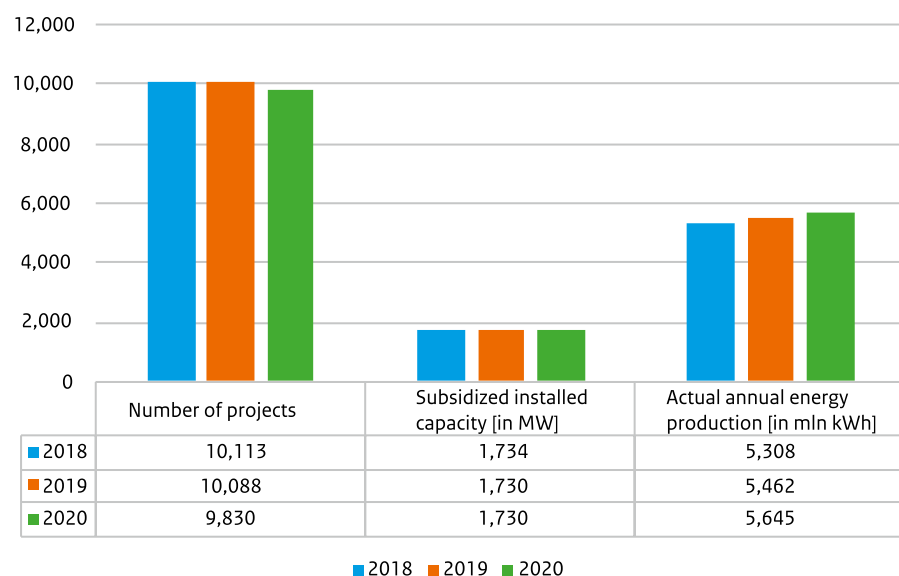
I. Renewable Energy

The generated renewable energy of projects financed with the SDE scheme is measured on the basis of actual meter readings and can therefore be determined with a relatively high level of accuracy. The conversion of generated energy to avoided carbon emissions is based on CBS figures¹. The granted subsidy was recognised on the basis of realised cash expenditures.

As time goes by, the number of relevant projects reduces, as no new SDE subsidy decisions are being issued. For new subsidy decisions, the SDE subsidy has been succeeded by the SDE++ subsidy scheme. Part of the current subsidy decisions are financed in full over time and thus disappear from the charts.

Shown below are two charts that reflect the aggregated figures per year. The further details for 2020 are reflected below as well.

Production Summary Chart



¹ CBS, Rendementen en CO₂-emissie van elektriciteitsproductie in Nederland [Yields and carbon emission of electricity production in the Netherlands], update 2019

Year	2018	2019	2020
Cash expenditures [EUR/mlin]	528	495	520
Avoided CO ₂ emissions in mln. tons	3.13	3.22	2.77

For 2020, EUR 520 million worth of SDE subsidy was granted for the categories solar energy, offshore wind energy and onshore wind energy. With this subsidy, 20.3 Petajoules (5,645 million kilowatt-hours) of renewable energy was generated. This generated renewable energy is equal to 2.77 megatons (=2.77 billion kilo) of avoided carbon emissions².

In 2020, the avoided carbon emissions per generated volume of renewable energy was lower than in 2019. That is because the conversion factor used for this calculation, based on CBS publications, is lower. The reason for this is that the share of renewable energy in the energy mix increases, implying that, in relative terms, individual projects contribute less to the total carbon emission reduction in the Netherlands.

At the end of 2020, 9,830 projects received subsidy with a total capacity of 1,730 megawatts. Below is a summary table with a breakdown of the number of projects and their capacity per category.

2020	Number of projects	Subsidized installed capacity [in MW]	Actual annual energy production [in mln kWh]
Offshore wind energy	3	719	2,831.2
Onshore wind energy	141	962	2,787.0
Solar energy	9,686	49	26.8
Total	9,830	1,730	5,644.9

There are many parties involved in projects subsidised with the SDE scheme, such as equity financiers, loan capital financiers, the government, local and regional authorities, and project developers. All these parties have a unique role in the realisation of the project and thus the CO₂ impact achieved with the projects cannot be specifically divided among the various parties involved. To illustrate this, the SDE scheme covers the unprofitable top, which depends on,

² CBS, Rendementen en CO₂-emissie van elektriciteitsproductie in Nederland [Yields and carbon emission of electricity production in the Netherlands], update 2019

among other things, the electricity price. Projects that are exactly the same but only started at a different point in time will have the same CO₂ impact, but will differ from the SDE subsidy received due to changing electricity prices. However, the role of the government and the instrument used does not differ between the two projects. As a result, the calculation of the avoided CO₂ in the impact table is based on the total renewable electricity generation of the underlying projects and the amount of carbon emissions that this has avoided. The ratio of the SDE subsidy paid in respect of the operational and capital expenditures³ varies from 51% to 74%. This cannot be interpreted as the government's share in the realisation of the projects, because the government subsidy is intended to eliminate risk by covering the unprofitable part and does not constitute an investment subsidy.

EU green taxonomy

The technical criteria in the EU green taxonomy apply to the generation of electricity by both solar panels and wind turbines. Climate mitigation occurs when there is “*installation, maintenance or repair of photovoltaic (PV) solar panels and associated peripheral equipment*” and when there is “*installation, maintenance or repair of wind turbines and associated peripheral equipment*.” With the categories that are included in the green bond in respect of the SDE scheme, it can be stated that they comply with the above requirements and thus meet the technical criteria for eligibility as part of the green bond.

The laws and regulations regarding large-scale solar power projects and wind energy projects ensure compliance with the principles of ‘Do No Significant Harm’ (DNSH).

The effects of a wind farm on the environment are analysed in an environmental impact assessment (EIA) for wind farms. In most cases, several alternatives are compared in an EIA. The EIA forms the basis for a zoning plan or a government-imposed zoning plan amendment and the application for the necessary permits.

³ The operational and capital expenditures are based on costs per MW or kWh of the various techniques in ECN reports in the years when the SDE was made available, which assumes a duration of 15 years. The average contribution per kWh (until 2020) for the percentage of subsidy paid out is compared to the basic amount per technique.

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 renewable energy, the living enjoyment by residents in the vicinity, nature conservation and the importance of aviation. Safeguarding a safe distance between wind turbines and gas pipelines also plays a role. This Act also provides for the protection of specific nature reserves. In addition, the Nature Conservation Act (*Wet natuurbescherming*) also ensures that nature reserves and species of flora and fauna in the Netherlands are protected.

II. Energy Efficiency: STEP

The subsidy amount in Energy Performance incentive scheme for the rental sector (STEP) was granted on the basis of the difference in energy performance before and after renovation of a rental home. The energy performance is expressed in the improvement of the energy label (e.g. from label E to label B). To become eligible for the subsidy – depending on the initial situation – it is mandatory to improve by at least two label steps. The subsidy scheme closed at the end of 2018. Since 2019 there have been no new applications. As subsidies were established and paid out up to two years after being granted, subsidies were paid out until the end of 2020. In 2020, 37,820 rental homes were sustainably improved using the STEP subsidy, which avoided approximately 45 kilotons of CO₂. The avoided carbon emissions are based on an estimated energy saving per label step per housing unit⁴. The number of label steps per housing unit was lower in 2020 than in 2019 because the mandatory number of label steps in 2016 was reduced from three to two. Many projects that were started after 2016 were completed by 2020.

The STEP scheme also requires that housing corporations and property owners must make investments that are supplementary to the subsidy, to achieve improvements in the energy performance of the rented housing concerned. The avoided CO₂ shown in Mtons concerns the

⁴ The degree of energy savings per label step is derived from a widely-used model by TNO/ECN to assess the effects of financing structures and policy measures. In this model (the variation tool), the housing and household characteristics and energy-saving possibilities have been mapped out for a representative sample of the housing stock in the Netherlands. Of the housing in the sample, the energy consumption and presence of energy-saving measures and energy label are known. The avoided CO₂ per label step is then calculated by translating the average actual energy savings per label step into the resultant avoided CO₂.



carbon emission reduction achieved by the renovation measures using STEP. The average subsidy within STEP amounts to 25% of the landlords' investment costs, so the subsidy has financed this part of the total avoided CO₂. The subsidy was also an incentive for landlords to invest further in sustainability. In addition, the so-called rebound effect can occur. This effect occurs when residents in energy-efficient homes want more comfort and consume more energy than expected, which means that actual energy savings may be lower than expected. However, research concerning 90,000 renovated homes in the Netherlands⁵ shows that this effect only occurs in 7.6% of the total number of renovations. Given this low percentage, rebound effects were not included in the calculation of the avoided CO₂.

STEP	2018	2019	2020
Budget (in million €) ⁶	105.8	134.3	101.7
Number of houses	29,463	45,289	37,820
Number of label steps	117,853	181,156	109,485
Avoided CO ₂ in Mtons	0.05	0.08	0.05
Energy savings	38.1%	38.1%	27.6%

The reduction in primary energy consumption can also be calculated based on the above figures. In 2020, on average a gain of nearly 3 label steps was achieved, saving 20.3 GJ energy per home⁷.

⁵ Van den Brom, P., Meijer, A., & Visscher, H. (2019). Actual energy saving effects of thermal renovations in dwellings – longitudinal data analysis including building and occupant characteristics. *Energy and Buildings*, 182, 251-263.

⁶ In 2020, EUR 45.8 million (45% x EUR 101.7 million) of the expenses in 2020 for the STEP scheme was included in the Allocation table in chapter 2, because approximately 45% had achieved an energy saving of at least 30%.

⁷ The energy savings per home is calculated by multiplying the number of label steps (2.9) by the energy savings per label step (7 GJ).

EU green taxonomy

In 2020, an average saving of 27.6% of the primary energy consumption was achieved in the renovated homes⁸. Hence, the STEP scheme approaches the EU green taxonomy threshold, which prescribes that renovations of existing homes must lead to a reduction of at least 30% in primary energy requirements. In previous years, this percentage was indeed achieved, given the obligation to improve by at least three label steps for applications dated prior to 2016. As previously pointed out in chapter 2 for energy efficiency, only the percentage of homes where more than 30% energy saving was recorded has been included in the Allocation report (45% of the homes). In the STEP scheme, no explicit attention was paid to other DNSH criteria: (1) climate change adaptation, (2) circular economy, and (3) pollution prevention and control.

Climate change adaptation

Since 1 January 2021, the building regulations have included a requirement for limiting risks of temperature overheating in new buildings (metric TOJuly). These regulations do not yet apply to existing buildings.

However, municipalities may obligate residents to discharge their rainwater on their own grounds instead of discharging it into the sewer.

Circular economy

An environmental performance requirement has been in force for new buildings since 2018 (Section 5.8 of the Building Decree). Additionally, there are requirements for separating building and demolition waste (Section 8.2) so that waste is not unnecessarily mixed and can therefore be reused. The STEP scheme and existing legislation do not state a percentage of reused building materials, as in the DSNH criteria.

Pollution prevention and control

Since 1994, asbestos has been prohibited as a new application: 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*), the Asbestos Removal Decree (*Asbestverwijderingsbesluit*) and the Working Conditions Decree (*Arbeidsomstandighedenbesluit*). The Building Decree also contains

⁸ This is based on an average gas consumption of 1350 m³ per home (42.7 GJ). The primary energy consumption is 172% of natural gas consumption, i.e. 72.5 GJ. The percentage energy savings can be calculated by dividing the average energy savings in STEP by the average primary energy consumption: 20.3 GJ / 72.5 GJ = 27.6%.



indoor metrics for the maximum permissible amount of asbestos fibre and formaldehyde concentrations. If these are exceeded, a structure may not be used (Section 7.19 of the Building Decree). Finally, there are rules on nuisance, dust and pollution based on chapter 8 of the Building Decree), yet these are target requirements and not strict requirements.

III. Clean Transportation

By investing every year in the management, maintenance, renewal and expansion of the railways (for passenger transportation), passengers in the Netherlands are provided with a mode of transport which is relatively low in carbon emissions. In 2019 and 2020, the Ministry of Infrastructure and Water Management delivered three railway projects, respectively. In both years, investments have been made in 30 railway projects and programmes, ranging from finalising work on the North-South line and completion of the Vleuten-Geldermalsen project. In 2019 and 2020, the network infrastructure manager ProRail, maintained 7,114 kilometres and 7,129 kilometres of track respectively.

The projection of the avoided carbon emissions as a result of investments and maintenance in railway infrastructure, required more effort than the categories of expenditures mentioned above, since there was no existing data for railway infrastructure that was suitable for the Green Bond impact report. On commission for SNCF-Réseau in France, Carbone 4 developed a method whereby the avoided CO₂ is calculated based on the expected change in passenger behaviour as a result of investments and maintenance in the railways. This method has also been used by the Spanish transport operator ADIF-Alta Velocidad. At the time of the previous Green Bond Report, however, in a joint effort with the Ministry of Infrastructure and Water Management and ProRail, the DSTA had concluded that this method cannot be applied to the situation in the Netherlands, because no *degeneration curve* is available for the Netherlands that indicates how the infrastructure is deteriorating if, year after year, no investment would be made in management, maintenance and replacement of railway infrastructure.

Hence, already in 2020, the DSTA commissioned Significance, an independent research agency focused on mobility and transportation, to develop an alternative model which assumes the change in passenger behaviour without the availability of railway infrastructure as the starting point. If no railway infrastructure would be available, the public would have to make other choices in terms of transport modality, the necessity to travel and location for commuting from home to work and back. These other choices can partially be estimated with the National Model System (LMS), although the LMS has not been developed for this purpose.

The LMS is Rijkswaterstaat's forecasting model that predicts mobility in the Netherlands in the medium- and long-term and is primarily used for capacity analysis, the balancing of various alternatives in projects and the consequences of other policy measures. Although the use of LMS for calculating avoided CO₂ due to the situation with and without availability of railway infrastructure is a forecast, we believe that this gives the best projection for the situation in the Netherlands for the avoided CO₂ as a result of investments and maintenance of railway infrastructure.

In 2020, there were 9.8 billion rail passenger kilometres, which would be completely eliminated⁹ if there had been no investments in railway infrastructure. Every year, about EUR 6 billion is spent on the railway system to cover the costs of railway infrastructure (State/ProRail) and the costs of rolling stock (NS/regional transport operator). Based on the aforementioned method, Significance calculated that the total volume of avoided CO₂ in 2018 was about 776,000 tons. For expenditures allocated in 2019 in terms of the green bond in relation to clean transportation, this amounts to 0,18 Mtons of avoided CO₂ per year for the years 2018 and 2019.

Corona and the impact on avoided CO₂ calculations

Significance's research focuses on two scenarios: (1) where the train is not available as a means of transport and (2) where the train is available. ProRail has indicated that without expenditures on railway management, maintenance and replacements in the very first year, it is no longer justified to have trains running. In the first scenario there are alternatives to the train, such as working from home more often, going by car or bicycle, or by moving. In times of the corona crisis, this choice was influenced beforehand and the substitute for the train has often been working at home. In addition, consumers have indicated that, when travelling, they would opt for an individual vehicle such as a car or bicycle (Knowledge Institute for Mobility, 2020).

After a sharp fall in the average capacity utilisation during the lockdown since March 2020, the NS saw a revival in August 2020. By mid-September 2020, the average capacity utilisation was 50%. The partial lockdown announced by the government on 13 October 2020, reduced this figure further to 40%. The final capacity utilisation was 45% over 2020. People started working from home more often and travelled as little as possible, in line with the government's call to do so.

⁹ Every day, several (small and large) malfunctions take place that need to be solved. If this does not happen, the entire country will soon be shut down, partly due to the 'interconnected' network in the Netherlands.



As a means of transportation, the train was used less often, just like any other means of transport apart from bicycles, e-bikes and walking. There have also been far fewer movements. The number of rail passenger kilometres reduced to 9.8 billion over 2020, a 55% reduction compared to 2019. Carbon emissions in the ‘no train’ scenario (1) have therefore been reduced by 55%, assuming that the choices continue to give the same emissions.

As a result, the avoided CO₂ by rail transport is not equal to 141 tons of avoided carbon emissions per million euro of rail expenditure, as indicated in the previous Green Bond report based on the report by Significance. Management and maintenance expenditures remained equally high (or increased), reducing the avoided CO₂ per million euro. For the calculation, a one-off decrease of 55% in 2020 is being used. For expenditures allocated in 2020 in terms of the green bond in relation to clean transportation, this respectively amounts to 0.02 Mtons of avoided CO₂ in 2019 and 0.08 Mtons in 2020.

Clean transportation	2018	2019	2020
Avoided CO ₂ in Mtons with green bond in 2019	0.18	0.18	
Avoided CO ₂ in Mtons with green bond in 2020		0.02	0.08

EU green taxonomy

The EU green taxonomy categorises rail infrastructure as an ‘enabling’ activity. It covers the construction, management and maintenance of railways and metro lines (in a broad sense, in which the EU restricts green taxonomy to electrified track). It contributes to climate mitigation because there is a plan for “zero tailpipe CO₂ emission transport”. In respect of the circular economy, the standard is that during construction and demolition, at least 70% (by weight) of waste will be reused. ProRail uses 48% secondary materials and has waste processed and reprocessed (percentage unknown). In doing so, each material is examined on how to reuse it. The prevention and control of noise pollution/nuisance has been met. The prevention of pollution by carbon emissions is covered for 92.9% by electrical transport. As described in chapter 2 we have made a 7.1% correction to rail expenditure, which is equal to the percentage of passenger track that is not electrified.

IV. Climate Change Adaptation and Sustainable Water Management

Over the past few years, the Delta Plan on Spatial Adaptation has led governments to be more aware of the adaptation target. Significant steps have therefore been taken in recent years, to accelerate and intensify the approach to climate change adaptation. In 2020, the Ministry of Infrastructure and Water Management also invested in eighteen projects, including dyke reinforcement at Marken. In 2020, a total of 130 of the 927 kilometres of dykes were safe (14%). This means that they meet the water safety standard set for 2050. Since 2018, 12 flood defences of the 468 engineering structures have been reinforced to a safe level. In total, 24 flood defences¹⁰ (5%) have been reinforced since the introduction of the new High Water Protection Programme in 2016. At present, all primary defences (dykes and dunes) are assessed based on the new standards in the Water Act (Waterwet).

The impact metrics have not changed compared to last year. However, major efforts are being undertaken to strengthen dykes and engineering structures and to guarantee water safety in the Netherlands. In the Delta Programme Water Safety, there are 27 projects in the exploratory phase, 21 projects in the plan elaboration phase and 14 projects in the implementation phase for being further strengthened. Moreover, 6 measures are being executed. By 2025, this will lead to 379 km of safe dykes and 209 safe engineering structures¹¹.

In 2020, research was started into a Programmatic Approach to Large Water Expenses (spread across the Netherlands), and a groyne-lowering of the Panterden Canal is being explored. In total, 130 kilometres (14%) of the dykes were safe in 2020¹². In May 2020, practical guides for

¹⁰ Refer to page 35 of Delta Programme 2020: <https://www.rijksoverheid.nl/onderwerpen/ruimtelijke-ordening-en-gebiedsontwikkeling/documenten/rapporten/2019/09/17/bijlage-2-deltaprogramma-2020>

¹¹ Refer to page 31 and onwards of Delta Programme 2020: <https://www.rijksoverheid.nl/onderwerpen/ruimtelijke-ordening-en-gebiedsontwikkeling/documenten/rapporten/2019/09/17/bijlage-2-deltaprogramma-2020>

¹² Delta Programme 2020, section 3.2.1 figures 1 and 2: refer to <https://deltaprogramma2020.deltacommissaris.nl/3.html>



stress testing were published for waterlogging, heat stress, drought and the consequences of urban flooding. As part of the Delta Plan on Spatial Adaptation, the stress test analysed the vulnerability to extreme weather for almost all municipalities.

EU green taxonomy

Infrastructure for water transportation has a broad basis in the EU green taxonomy. This is why the Delta Programme, specifically for rivers, is covered by this scope. For example, in the Meuse River category, we are exploring how water safety can be enhanced and the catchment area can be developed in a spatial and economic way. Adaptations to water safety are subject to mandatory environmental impact reporting.

The construction, expansion and management of water storage, water treatment and supply systems contributed to climate change adaptation and thereby reduce the most important climate change risks. These risks have been identified by means of a robust climate change and vulnerability assessment.

In terms of the DNSH criteria, the Delta Fund meets the sustainable use and protection of water and maritime resources. Risks of water quality degradation and water stress have been identified and addressed and a management plan has been drawn up in consultation with stakeholders. A mandatory environmental impact report must show compliance with this criterion and that of biodiversity. Finally, the Delta Fund must be compliant with the prevention and control of pollution: there are measures to prevent noise, excessive emissions, and vibration nuisance during construction and maintenance work.

The EU green taxonomy does not include any activities and technical screening criteria for investments related to flood risks. According to recital 43 of the EU Taxonomy Climate Delegated Act, it may be necessary to revise the technical screening criteria to take better account of the special characteristics of flood protection infrastructure. The Netherlands has underlined the importance of including criteria for investments related to flood risks and expects these criteria to be developed in the near future



4. Case study: Sustainable housing with the STEP subsidy



Almost 2,000 social rental homes of the housing corporation Thuisvester have been sustainably improved with the STEP subsidy

In the period 2018-2020, housing corporation Thuisvester improved the energy efficiency of about 1,800 social rental homes by using the STEP scheme. As part of this project, 324 apartments at De Patersdreef in Oosterhout have been extensively sustainably improved in the past year. The housing shell was insulated and equipped with HR++ glazing and the six flats installed energy-efficient systems for heating, tap water and ventilation. Aside from the energy-efficiency measures, Thuisvester has also invested in maintenance, such as external paintwork, asbestos removal and the replacement of indoor plumbing. After completion of the project in February 2020, an A-grade energy label was being achieved and living comfort and aesthetics have improved significantly. By making use of the available STEP subsidy, the project was implemented without any additional rental increase for the tenants.



5. Case study: 'Platforms to Standard' Programme



An important eligible expenditure under the green bond included investments in railway infrastructure. A relevant project was: the ProRail Platform Programme (PPP). During the Week of the Circular Economy in February 2021, ProRail awarded a prize for the most sustainable ProRail project. The ProRail Platform Programme won this award for its sustainable contract 'Platforms to Standard' (*Perrons op Norm*), which constantly requires an improvement of the environmental impact during the contract period. Within the Programme which ensures that stations have an accessible entrance and platforms and amenities are replaced if their service life has ended, sustainable improvements are being made by using secondary-reinforcement concrete and concrete with a low Environmental Cost Indicator (ECI). This is a fictitious price that reflects the expenses that would incur to compensate for the negative environmental impact of the production of a product.

Challenge

ProRail works with its suppliers on sustainable improvements. Concrete in particular, is a widely used and polluting material, which causes at least 5% of the world's carbon emissions¹. The railway stations at Bunde, Maarn and Etten-Leur were used as a pilot for the circular use of platform tiles recycled under the PPP in 2020. These pilots have been successfully completed which means that the further roll-out of circular usage of concrete tiles continues. At the same time, the sustainable retaining wall was introduced at Hollandsche Rading Station.²

Sustainability

In 2018, ProRail signed the so called 'concrete agreement'. The PPP achieves more carbon emission reduction than agreed in this agreement, i.e. 58% within five years instead of 49% by 2030. Concrete consists of various raw materials such as gravel, sand and cement in which a great deal of carbon is emitted in its production. The PPP uses a new type of contract with a reducing ECI. The pilot at Bunde, Maarn and Etten-Leur stations has saved about 13,000 kg of carbon emissions and yielded almost 245,000 kg of raw materials. This offers many opportunities for the other stations that will be tackled under the PPP in the next few years. The PPP welcomes the subsidy for climate-neutral and circular infrastructure projects to finance the additional costs of this circular solution.

(Source: ProRail Programme 'Platforms to Standard' (*Perrons op Norm*);
photo: 'Sustainable platform tile' by Stefan Verkerk)

¹ Refer to <https://www.prorail.nl/nieuws/prorail-ondertekent-betonakkoord-om-co2-belasting-te-verminderen>

² Refer to <https://www.prorail.nl/nieuws/hollandsche-rading-krijgt-circulair-perron>



6. Case study: Houtribdijk reinforcement



In the event of a storm, the Houtribdijk functions as a huge breakwater between the IJsselmeer and Markermeer. This means the dyke is crucial for the water safety of all provinces surrounding the IJsselmeer area. Rijkswaterstaat reinforced the dyke between 2017 and 2020. Most special is that – in addition to water safety – there is a great deal of attention for nature, ecological water quality and recreation.

Challenge

Rijkswaterstaat had to reinforce the Houtribdijk between Enkhuizen and Lelystad with sand and stone. After that, the dyke would again be resistant to storms that occur every ten thousand years. But that's not all: at the same time as the dyke reinforcement, a completely new nature area, Trintelzand, measuring 370 hectares is being constructed in the Markermeer. In this way, the area behind it has been made safer with exploited coupling opportunities for nature and recreation.

Sustainability

The Trintelzand nature reserve was originally going to be 90 hectares in size, but that has been extended to 370 hectares. By reusing sludge and sand that is released during the reinforcement process, construction of a larger area was possible. By constructing the nature reserve, Rijkswaterstaat has contributed to objectives relevant to the Water Framework Directive. Various stones have also been reused in the reinforcement. Finally, the Houtribdijk also has a dam function – positioned in the IJsselmeer – from which water can be extracted in times of drought.

Contribution to policy objective solution:

This investment, financed by the Delta Fund, contributes to the water safety of the Netherlands, it offers more sustainable material use, and facilitates water storage.

(source: Rijkswaterstaat 2019; photo: Gerhard van Roon)



7. Other topics regarding the green bond



I. Market development/liquidity/volume of green bonds

The volume of green bonds on the financial markets increased further in 2020. Even the milestone of USD 1 trillion in cumulative green bond issuances was exceeded in 2020. According to the Climate Bonds Initiative, the green bond issuance was USD 269 billion in 2020. This is slightly more than in 2019, when USD 266 billion¹ worth of green bonds were issued. In addition, the market for other bonds, such as 'social bonds', 'sustainability bonds' and 'sustainability-linked bonds', has grown further. Not least because of the COVID-19 pandemic for which funding needs have increased worldwide.

Issuances of the aforementioned bonds by 'high profile' issuers, such as the European Union, further helped the development of the financial markets. In 2021, the European Union will also launch the issuance of green bonds under the 'Next Generation EU' recovery plan, in which 30% of a total of EUR 800 billion in bonds that will be issued up to 2026, will be green. National governments too, are increasingly issuing green bonds.

Following the issuances by Germany, Sweden and Hungary in 2020, in Europe, Italy has issued green bonds in 2021, and the UK will follow later. The green bond market in the Netherlands grew moderately in 2020 and, in the meanwhile, aside from the Dutch State, 19 Dutch issuers are now active on the green bond market.

After the initial issuance in 2019, the Dutch green bond has proven to be well tradeable in the secondary market thanks, in part, to the tap auctions in 2020 and 2021. In 2021, it will be further explored whether the DSTA will once again be able to issue a new green bond in the years ahead, to further strengthen the green capital market (refer to paragraph 7.III). In support of liquidity, a new green bond will anyhow achieve a regular benchmark volume within a few years.

¹ See chart <https://www.climatebonds.net/>

II. Investor feedback on previous green bond reporting

The previous Green Bond Report was published on 28 May 2020. After publication of this previous Green Bond Report, the DSTA had discussions with investors to receive feedback on this report. A number of points emerged from these discussions with investors, who found the report to be clear and well understood.

For instance, the Allocation table was perceived as clearly set out. The fact that eligible expenditures were limited to four categories to which the funds of the green bond are allocated, has contributed to the fact that the Allocation table is perceived as easy-to-read.

Investors indicated that a following report should be more detailed. In response, for instance, the ratio between expenditures financed by the green bond and the total cost of the four expenditure categories have now been made more clear. This hopefully helps investors to understand the share of the green bonds in the presented volumes of avoided CO₂.

In addition, investors prefer green bonds to be in line with the EU's green taxonomy. However, it is not yet a requirement for them. This report has therefore further detailed the extent to which the green bond meets the EU's green taxonomy.

As far as clean transportation and corona restrictions are concerned, investors have indicated that they understand that this needs to be dealt with in a pragmatic manner. Because of the lower number of passengers due to corona restrictions, a temporary downward correction to the avoided CO₂ is being applied.



III. DSTA plans in respect of green or social bonds

The outstanding amount of the Dutch State's green bond amounts to EUR 10,708 billion after the auction of 23 February 2021. Hence the target size has been reached (at least EUR 10 billion) and this green bond, in principle, will no longer be reopened.

The DSTA, however, has the ambition to remain active in the green bond market. In 2021, the DSTA's ambition is to assess – partly in light of the outcome of the formation of the new government – which green expenditures are best suited for a new issuance. In this, the DSTA will link up as close as possible to the EU green taxonomy and the EU green bond standard.

Of course, it will be assured that Dutch green expenditures included in the Netherlands Recovery and Resilience Plan for the European Recovery and Resilience Facility, will not be eligible as expenditure for a new Dutch green bond. If a new issuance of a green bond appears to be possible, the DSTA will draw up a new green bond framework, which will include the aforementioned points.

The DSTA will also explore whether further steps can be taken in the sustainable market, in which, among other things, the feasibility of and interest in a social bond will be further studied.

IV. EU green bond standard and distinction with green Next Generation EU bonds

The taxonomy regulation was adopted on 18 June 2020 and recently, the first two delegated acts for climate mitigation and climate change adaptation have been adopted which will come into force as from 2022.

The Commission's proposal for the EU Green Bond Standard is expected later this year and is expected to be a voluntary standard with the following four components: alignment of the use of proceeds/use of revenues with the EU green taxonomy, the contents of the Green Bond Framework, the Allocation and Impact Report and external verification by an accredited reviewer.

In the previous Green Bond Report², it was stated that, based on the latest information, the Dutch green bond was considered, in the long-term, to be regarded as being in line with the EU green taxonomy. This statement was substantiated to the extent possible in broad terms. In the Impact Report in chapter 3 of this report, this is further addressed more in detail.

For example, the minimum threshold values (the technical screening criteria) in the EU green taxonomy are being mentioned as well as its compliance. It is because of these minimum thresholds that a correction is being made for non-electrified track regarding clean transportation and for the subsidies for renovations to social rental homes where the threshold of at least 30% energy saving has not been achieved.

Chapter 3 also discusses the Do No Significant Harm (DNSH) criteria. These criteria indicate to what extent there may be damaging effects to the climate and the environment in the four categories of renewable energy, energy efficiency, clean transportation and climate change adaptation & sustainable water management. The analysis in chapter 3 shows that the expenditure categories largely comply with the DNSH criteria. The next Green Bond report will address the minimum safeguards, as the 'Platform for Sustainable Finance' has been asked to report in 2021 on how compliance with the minimum safeguards can be achieved.

The Delta Fund expenditure deserves a special mentioning as no technical screening criteria have been included in the delegated acts for climate change adaptation for investments related to flood risks. According to recital 43 of the EU Taxonomy Climate Delegated Act, it may be necessary to revise the technical screening criteria to take better account of the special characteristics of flood protection infrastructure. The Netherlands expects these criteria to be developed in the near future. Pending technical screening criteria, the Netherlands will continue to include Delta Fund expenditure in the Allocation and Impact Report.

² Refer to <https://www.dstanl/onderwerpen/groene-obligaties/documenten/publicaties/2020/05/28/groene-obligatie-rapportage>



Another point of attention is the announcement by the European Commission that it will issue EUR 800 billion in green bonds in the context of Next Generation EU bonds as from 2021. The proceeds of these green Next Generation EU bonds will be allocated to the green investments of Member States within the framework of the Resilience and Recovery Programmes.



V. Current state of affairs climate policy

On 30 October 2020, the government presented the Policy Document on Climate Change to parliament. The Policy Document on Climate Change contains the government's appreciation on the progress of its climate policy and outlines the priorities for the coming year³.

The Policy Document on Climate Change shows that most of the measures taken to implement the Dutch climate agreement are on schedule, despite the impact of the COVID-19 crisis. At the start of the Climate Agreement, it was stipulated that the agreements to be made must lead to a reduction of 48.7 Mtons, in order to achieve the target of 49% carbon emission reduction by 2030. In the 2020 Climate and Energy Report (KEV), the Netherlands Environmental Assessment Agency (PBL) calculated that the reduction will be 34% [30-40%] in 2030. There are at least three explanations for the difference between this figure and the target of -49% in the Climate Act: (a) while some of the measures in the climate agreement are on schedule, they are not yet sufficiently well spelled out to be included in the calculations of the PBL. These measures are important elements of the policies regarding the neighbourhood-oriented approach, the standardisation of non-residential construction in the built environment, the

introduction of zero-emission zones, the subsidy instruments and the carbon levy for industry and the tightened biofuel policy in the mobility sector. Based on the previous calculations of the financial implications of the Climate Agreement, these measures can reduce around 20 Mtons. (b) a falling gas price increases emissions in the Netherlands due to increased electricity production for export, and (c) there are statistical adjustments.

In response to the 2020 Climate and Energy Report, the government has indicated its determination to achieve the -49% target set by the Climate Act. This commitment has not changed. The Council of State also notes that major steps are still needed to achieve the objective and therefore recommends not to wait until the autumn of 2021 for proposing additional measures in line with the Climate Act cycle.

In 2021, additional expenditures have already been planned or brought forward to accelerate achieving the climate related target. The Climate Agreement divides the CO₂ target over several sectors, in which important steps in the transition have been taken in 2020 and 2021:

- Electricity: implementation of the measures is on track, but the emissions expected by 2030 are higher than expected, which is explained by exogenous developments in the electricity market.
- Industry: the most important measures agreed to in the Climate Agreement will be implemented, including the carbon levy for industry.
- Built environment: the approach in the built environment mainly focused on realisation of the preconditions. The actual implementation is therefore still largely in the pipeline. New and more generous financing and subsidy possibilities for home-owners have been achieved, but guaranteeing affordability remains an important target for the coming years.
- Agriculture and land use: In order to support the sector in the transition, national regulations have been made available to livestock farmers. The combination of the nitrogen target and the climate change target require however ongoing attention.
- Mobility: In the mobility sector, important steps have been taken towards zero-emission mobility, including tax schemes for electric and other zero-emission vehicles and a subsidy for purchasing used and new electric vehicles. Bicycling and using public transportation are also made more attractive by for example developing large bicycle shelters at trainstations. Implementing hydrogen fuelling stations still needs attention, especially as the supply of vehicles is limited for the time being.

³ <https://www.rijksoverheid.nl/documenten/publicaties/2020/10/30/klimaatnota-2020>



Research by the Netherlands Institute for Social Research (SCP) shows that the climate change issue scores high on the social awareness chart, and that there is wide support for the transition, but also that the climate change issue is a complex matter for people and that there are real concerns at the level of specific measures. Regions and municipalities invest a lot of time and resources in a participatory process with residents, and experiment with online options to allow participation processes to take place, now that physical meetings are less possible because of COVID-19 pandemic. Over the past period, various instruments have been developed to help in both supporting and monitoring participation.

In the meantime, due amongst others to the efforts of the Netherlands, the Climate Target Plan and the associated Impact Assessment have been presented by the European Commission. From this, it is apparent that an increase in the 2030 target to at least 55% carbon emission reduction compared to 1990 is feasible and affordable in the EU. A higher ambition in Europe will mean an additional target for all the Member States, for which negotiations are still ongoing. For the Netherlands, it is important to consider the interpretation of our national target in light of the changing European policy context.



Annex I

Auditor's Report by the independent auditor



To: The Agent of the Dutch State Treasury Agency

Our opinion

We have audited the Allocation report (chapter 2 of the Green bond report 2020 of the Dutch State Treasury Agency based in The Hague).

In our opinion the allocation report is prepared, in all material respects, in accordance with the principles as described in the Green Bond Framework of the Dutch State (version march 15th 2019), chapters 2.1, 2.2, 2.3 and 2.4.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the allocation report' section of our report.

We are independent of the Dutch State Treasury Agency in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of the basis of accounting and restriction on use and distribution

We draw attention to note paragraphs 3 up to and including 5 of chapter 2 of the Green bond report 2020 of the Dutch State Treasury Agency based in The Hague, which describes the basis of accounting. The Green bond report 2020 of the Dutch State Treasury Agency based in The Hague is intended for the investors in the green bonds issued by the Dutch State Treasury Agency and is prepared to assist the Dutch State Treasury Agency to comply with the principles as described in the Green Bond Framework of the Dutch State (version march 15th 2019), chapters 2.1, 2.2, 2.3 and 2.4. As a result, the Allocation report may not be suitable for another purpose. Therefore, our auditor's report is intended solely for the Dutch State Treasury Agency and the investors in the green bonds issued by the Dutch State Treasury Agency and should not

be distributed to or used by other parties than the Dutch State Treasury Agency and the investors in the green bonds issued by the Dutch State Treasury Agency. Our opinion is not modified in respect of this matter.

Other information

To the Allocation report other information has been added that consists of:

- introduction
- impact report
- Case study: Sustainable housing with the STEP subsidy
- Case study: 'Platforms to Standard' Programme
- Case study: Houtribdijk reinforcement
- Green Bond other topics

Based on the following procedures performed, we conclude that the other information is consistent with the allocation report and does not contain material misstatements.

We have read the other information. Based on our knowledge and understanding obtained through our audit or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the Allocation report .

The Agent of the Dutch State Treasury Agency is responsible for the preparation of the other information in accordance with the principles as described in the Green Bond Framework of the Dutch State (version march 15th 2019), chapters 2.1, 2.2, 2.3 and 2.4.

Responsibilities of the Agent of the Dutch State Treasury Agency for the allocation report.

The Agent of the Dutch State Treasury Agency is responsible for the preparation of the allocation report in accordance with the Green Bond Framework of the Dutch State (version march 15th 2019), chapter 2.1, 2.2, 2.3 and 2.4. Furthermore, the Agent of the Dutch State Treasury Agency is responsible for such internal control as she determines is necessary to enable the preparation of the allocation report that is free from material misstatement, whether due to fraud or error.



Our responsibilities for the audit of the allocation report.

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the allocation report. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

For a more detailed description of our responsibilities, we refer to https://www.nba.nl/ENG_algemeen_01

The Hague, may 27th 2021

Auditdienst Rijk

Drs. A.J.M. van Winden RA

The Hague



Annex II

Post-issuance verification letter from
Sustainalytics







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The State of the Netherlands

POST-ISSUANCE VERIFICATION LETTER

MARINE RENEWABLE ENERGY, WIND ENERGY, SOLAR ENERGY, LOW CARBON BUILDINGS, LOW CARBON LAND TRANSPORTATION, AND WATER INFRASTRUCTURE CRITERIA OF THE CLIMATE BONDS STANDARD

Type of engagement: Assurance Engagement

Period engagement was carried out: May 2021

Approved verifier: Sustainalytics

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Scope and Objectives

In May 2019, The State of the Netherlands (the Dutch State) issued green bonds aimed at financing existing and future government expenditures that promote the Netherlands' realization of policy objectives aimed at decarbonizing the country's energy, housing and transportation sector, while building resilience to climate change in the following use of proceeds categories: renewable energy, energy efficiency, clean transportation, and climate change adaptation & sustainable water management.

In May 2021, the Dutch State engaged Sustainalytics to review the projects funded through the issued green bonds, and to provide an assessment as to whether the projects financed between January 2020 and December 2020 met the Post-Issuance Requirements under the Marine Renewable Energy,¹ Wind Energy,² Solar Energy,³ Low Carbon Buildings,⁴ Low Carbon Land Transportation,⁵ and Water Infrastructure⁶ of the Climate Bonds Standard Version 3.0⁷.

Green bond projects include:

- Marine Renewable energy
 - Offshore wind energy
- Wind energy
 - Onshore wind energy
- Solar energy
 - Onshore solar electricity generation facilities
- Low carbon buildings
 - Residential property energy efficiency upgrades
- Low carbon land transportation
 - Public passenger transport infrastructure
- Water infrastructure
 - Engineered water infrastructure
 - Flood defence
 - Water distribution
 - Nature-based water infrastructure
 - Flood defence

¹ Climate Bonds Initiative, Marine Renewable Energy Criteria under the Climate Bonds Standard. See more, at: <https://www.climatebonds.net/standard/marine>

² Climate Bonds Initiative, Wind Energy Criteria under the Climate Bonds Standard. See more, at: <https://www.climatebonds.net/standard/wind>

³ Climate Bonds Initiative, Solar Energy Criteria under the Climate Bonds Standard. See more, at: <https://www.climatebonds.net/standard/solar>

⁴ Climate Bonds Initiative, Low Carbon Buildings Criteria under the Climate Bonds Standard. See more, at: <https://www.climatebonds.net/standard/buildings>

⁵ Climate Bonds Initiative, Low Carbon Transport Criteria under the Climate Bonds Standard. See more, at: <https://www.climatebonds.net/standard/transport>

⁶ Climate Bonds Initiative, Water Infrastructure Criteria under the Climate Bonds Standard. See more, at: <https://www.climatebonds.net/standard/water>

⁷ Climate Bonds Initiative, Climate Bonds Standard Version 3.0. See more, at: https://www.climatebonds.net/files/files/Climate%20Bonds_Standard_Version%203_0_December%202017.pdf

Schedule 1 provides details of the Nominated Projects & Assets and disbursement of proceeds.

Post-Issuance Evaluation Criteria

Post-issuance Requirements of the Climate Bonds Standard Version 3.0:

- Use of Proceeds
- Evaluation and Selection of Projects & Assets
- Management of Proceeds
- Reporting

Issuing Entity's Responsibility

The Dutch State is responsible for providing accurate information and documentation relating to the details of the projects that have been funded, including description of projects, total development cost of each project, and disbursed amounts.

Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of the Dutch State's green bond, issued to finance wind and solar energy projects, residential property energy efficiency upgrades, public passenger transport infrastructure projects, and water infrastructure projects, and provided an independent opinion informing the Dutch State as to the conformance of the green bond with the Post-Issuance Requirements and Low Carbon Buildings criteria of the Climate Bonds Standard.

Sustainalytics has relied on the information and the facts presented by the Dutch State with respect to the Nominated Projects & Assets. Sustainalytics is not responsible nor shall it be held liable if any of the opinions, findings, or conclusions it has set forth herein are not correct due to incorrect or incomplete data provided by the Dutch State.

Sustainalytics makes all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight over the assessment of the bond.

Verifier's Responsibility

Sustainalytics conducted the verification in accordance with the Climate Bonds Standard Version 3.0 and with International Standard on Assurance Engagements 3000 (ISAE 3000) – Assurance Engagements other than Audits or Reviews of Historical Financial Information.

The work undertaken as part of this engagement included conversations with the relevant Dutch State employees and review of relevant documentation to confirm the conformance of the Dutch State's green bonds with the Post-Issuance Requirements of the Climate Bonds Standard Version 3.0.

Exceptions

No exceptions were identified. All projects aligned with the Post-Issuance Requirements of the Climate Bonds Standard Version 3.0 and were in conformance with the Low Carbon Buildings criteria.

Conclusion

Based on the limited assurance procedures conducted and evidence obtained, nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the allocation of EUR 3,008 bn from the the Dutch State Green Bond, issued to fund eligible green projects, is not in conformance with the Post-Issuance Requirements of the Climate Bonds Standard.

Schedule 1: Detailed Overview of Nominated Projects and Assets

Details of the Nominated Projects which received green bond allocations in 2020 are provided below:

1) Marine renewable energy: Subsidies for the following wind offshore parks

Name	Capacity, MW	Number of windmills	Location	Allocation 2018 (EUR mn)	Allocation 2019 (EUR mn)	Allocation 2020 (EUR mn)
Gemini Offshore Wind Park	600	150	Dutch North Sea	364	348	364
Luchterduinen Offshore Wind Park	129	43	Dutch North Sea			

2) Wind and Solar Energy:

	Number of projects 2018	Allocation 2018 (EUR mn)	Number of projects 2019	Allocation 2019 (EUR mn)	Number of projects 2020	Allocation 2020 (EUR mn)
Onshore wind projects	142	151	141	134	141	144
Solar projects	9,968	13	9,944	13	9,686	13

3) Low carbon buildings: Residential property energy efficiency upgrades

Incentive Scheme for Energy Performance in the Rental Sector (STEP). STEP awards subsidies for refurbishments of rental housing, require a minimum improvement of two Energy Index steps, but only grant subsidy when this also results in an improvement of a minimum of two or three EPC energy label steps.⁸ This minimum improvement is in line with the 30% threshold required by the CBI Low Carbon Buildings Standard.⁹ As part of the programme homes must be visited by a registered Energy Performance Advisor (EPA) in order to verify compliance with the energy efficiency improvements required by the programme. In 2020, the average improvement per housing unit was 3 label steps.

Subsidies for energy savings upgrades in the rental housing sector:

Number of houses upgraded 2018	Allocation 2018 (EUR mn)	Number of houses upgraded 2019	Allocation 2019 (EUR mn)	Number of houses upgraded 2020	Allocation 2020 (EUR mn)
29,463	106	45,289	134	37,820	46

4) Low Carbon Transportation:

Expenditures related to upgrading trajectories for higher-frequency passenger rail travel, railway capacity management, bicycle parking space at rail stations, and linkages to other modes of public transportation. To be eligible for Climate Bond Initiative Certification scheme, railway infrastructure must fulfill Criterion 3: Emissions threshold for public passenger transport, which is 75gCO₂/passenger/km for 2020 and 56gCO₂/passenger/km for 2030.

⁸ STEP requirements available at: <https://www.rvo.nl/subsidies-regelingen/stimuleringsregeling-energieprestatie-huursector-step/voorwaarden-step/particulieren>

⁹ As the State of the Netherlands is providing subsidies rather than investments, the CBI Standards Board confirmed, in February 2019, that the relative performance improvement is not required to scale based on the bond tenor.

In 2017, the average emissions for Dutch passenger trains were 6g CO₂/passenger/km. This performance is derived from data on the Dutch rail use,¹⁰ indicating 75% of Dutch passenger km transport via intercity electric trains, 20% local electric trains, and 5% local diesel trains. Given the average 6g CO₂/passenger/km, the State of the Netherlands' green bond fulfills the Climate Bond Initiative Criteria.

Expenditures and investments in the maintenance and management of railway infrastructure, development of railway infrastructure for passenger rail:

Number of realised projects 2018	Allocation 2018 (EUR mn)	Number of realised projects 2019	Allocation 2019 (EUR mn)	Number of realised projects 2020	Allocation 2020 (EUR mn)
2	1,485	3	1,836	3	1,222

5) Water infrastructure expenditures include a variety of projects. In the following table examples of projects financed are included in the description:

Expenditure name	Description	Allocation 2018 (EUR mn)	Allocation 2019 (EUR mn)	Allocation 2020 (EUR mn)
Flood risk management investments	<p>Second Flood Protection Program (HWBP-2): Investments to get flood defences up to legal standard.</p> <p>Space for the River: Investments to bring safety along the Rhine branches and the downstream part of the dike Maas (from Hedikhuizen) into line with the legally required standard and contribute to improving the spatial quality of the river area, thereby strengthening the river area economically, ecologically and regarding landscape.</p> <p>Grensmaas and Zandmaas, nature development: primarily contributing to flood risk management and in addition, these projects realize nature that benefits the National Ecological Network (EHS).</p>	307	304	258
Freshwater supply investments	<p>The Delta Plan on Freshwater Supply 2015-2021: Large number of initiatives and measures to make the freshwater supply in the Netherlands more robust for the future effects of climate change and to tackle the bottlenecks that are already there.</p> <p>'Haringvliet Locks Management Decision' project: improves the situation for migratory fish, such as salmon, sea trout and glass eel and improves the fresh water to agricultural areas.</p>	11	0	14

¹⁰ Data on the use of and emissions of the Dutch train systems can be found under "Personenvervoer" at: <https://www.co2emissiefactoren.nl/lijst-emissiefactoren/>

	The Ministry of Infrastructure and Water Management has the ambition to work completely climatically-neutral and circular by 2030 at the latest.			
Management, maintenance, and replacement	<p>Monitoring water levels, water quality and information provision.</p> <p>Crisis management and prevention.</p> <p>Regulation of use through licensing and enforcement.</p> <p>Complying with administrative agreements on water distribution and use (including in water agreements).</p> <p>Regulation of water distribution (updating and applying operational models, operation (storm surge) barriers, weirs, pumping stations and drains).</p>	208	195	144
Experimentation	Measures and provisions in other policy areas such as nature, the environment or economic development, subject to the condition that these measures are related to measures for water safety or freshwater supplies.	20	21	74
Network-related costs and other expenditures	<p>Equipment costs of Rijkswaterstaat (RWS) and the Delta Commissioner Staff.</p> <p>Other network-related expenses of RWS and program expenses of the Delta Commissioner that cannot be directly allocated to the individual projects from this Delta Fund.</p>	308	316	341
Water quality investments	Water safety and water quality improvements, with particular attention paid to development possibilities and safety of shipping and to nature compensation, recreation and the improvement of the habitat of flora and fauna.	20	28	52

Schedule 2A: Post-Issuance Requirements of the Climate Bonds Standard

<p>Use of Proceeds</p>	<p>5.1 The Net Proceeds of the Bond shall be allocated to the Nominated Projects & Assets.</p> <p>5.2 All nominated Projects & Assets shall meet the documented objectives of the Bond as stated under Clause 6.1.1 and shall be in conformance with the requirements of Part C of the Climate Bonds Standard.</p> <p>5.3 The Issuer shall allocate the Net Proceeds to Nominated Projects & Assets within 24 months of issuance of the Bond, or the Issuer shall disclose in post-issuance reporting as per clause 8.3 the estimated timeline for allocation of net proceeds to Nominated Projects & Assets. Net proceeds may be reallocated to other Nominated Projects & Assets at any time while the Bond remains outstanding.</p> <p>5.4 Nominated Projects & Assets shall not be nominated to other Certified Climate Bonds, Certified Climate Loans, Certified Climate Debt Instruments, green bonds, green loans or other labelled instruments (such as social bonds or SDG bonds) unless it is demonstrated by the Issuer that:</p> <p>5.4.1. distinct portions of the Nominated Projects & Assets are being funded by different Certified Climate Bonds, Certified Climate Loans, Certified Climate Debt Instruments, green bonds, green loans or other labelled instruments or;</p> <p>5.4.2. the existing Certified Climate Bond, Certified Climate Loan or Certified Climate Debt Instrument is being refinanced via another Certified Climate Bond, Certified Climate Loan or Certified Climate Debt Instrument.</p> <p>5.5 Where a proportion of the Net Proceeds of the Bond are used for refinancing, the Issuer shall track the share of the Net Proceeds used for financing and refinancing and identify which Nominated Projects & Assets may be refinanced. This may also include the expected look-back period for refinanced Nominated Projects & Assets.</p> <p>5.6 The Net Proceeds of the Bond shall be tracked by the Issuer following a formal internal process which is documented in accordance with Clause 3.1.</p> <p>5.7 The Net Proceeds of the Bond shall be no greater than the Issuer's total investment exposure or debt obligation to the Nominated Projects & Assets, or the relevant proportion of the total Market Value of the Nominated Projects & Assets which are owned or financed by the Issuer.</p> <p>5.8 Additional Nominated Project & Assets may be added to, or used to substitute or replenish, the portfolio of Nominated Project & Assets as long as the additional Nominated Project & Assets are eligible under Part C of the Climate Bonds Standard and are consistent with the Bond's objective as set out in Clause 6.1.1.</p> <p>5.8.1. Where additional Nominated Projects & Assets are covered by Sector Eligibility Criteria which were not included in the scope of either the Pre-Issuance Verification or the Post-Issuance Verification engagements, the Issuer shall engage a Verifier to provide a Verifier's Report covering at least the conformance of the additional Nominated Projects & Assets with the relevant Sector Eligibility Criteria under Part C of the Climate Bonds Standard.</p>
<p>Process for Evaluation and Selection of Projects & Assets</p>	<p>6.1 The Issuer shall document and maintain a decision-making process which it uses to determine the continuing eligibility of the Nominated Projects & Assets. This includes, without limitation:</p> <p>6.1.1. A statement on the climate-related objectives of the Bond;</p> <p>6.1.2. How the climate-related objectives of the Bond are positioned within the context of the Issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability;</p> <p>6.1.3. The Issuer's rationale for issuing the Bond;</p> <p>6.1.4. A process to determine whether the Nominated Projects & Assets meet the eligibility requirements specified in Part C of the Climate Bonds Standard;</p>

	6.1.5. Other information provided by the Issuer as described in Clause 2.2
Management of Proceeds	<p>7.1 The Net Proceeds of the Bond shall be credited to a sub account, moved to a sub-portfolio or otherwise identified by the Issuer in an appropriate manner, and documented.</p> <p>7.2 The Issuer of the Bond shall maintain the earmarking process to manage and account for allocation of Net Proceeds to the Nominated Projects & Assets as described in Clause 3.1.3</p> <p>7.3 While the Bond remains outstanding, the balance of the tracked Net Proceeds shall be reduced by amounts allocated to Nominated Projects & Assets. Pending such allocations to Nominated Projects & Assets, the balance of unallocated Net Proceeds shall be:</p> <p>7.3.1. Held in temporary investment instruments that are cash, or cash equivalent instruments, within a Treasury function; or</p> <p>7.3.2. Held in temporary investment instruments that do not include greenhouse gas intensive projects which are inconsistent with the delivery of a low carbon and climate resilient economy; or</p> <p>7.3.3. Applied to temporarily reduce indebtedness of a revolving nature before being redrawn for investments or disbursements to Nominated Projects & Assets.</p>
Reporting – Post-issuance	<p>8.1 The Issuer shall prepare an Update Report at least annually while the Bond remains outstanding.</p> <p>8.1.2. The Update Report shall be made available to holders of the Bond and to the Climate Bonds Standard Board.</p> <p>8.1.3. The Issuer should provide an Update Report to holders of the Bond on a timely basis in case of material developments.</p>

Schedule 2B: Conformance to the Post-Issuance Requirements of the Climate Bonds Standard

Evaluation Criteria	Factual Findings	Error or Exceptions Identified
Use of Proceeds	<p>5.1 A list of Nominated Projects & Assets is provided in Schedule 1.</p> <p>5.2 The Nominated Project & Assets meets the documented objectives of the finance and are in conformance with the requirements of Part C of the Climate Bonds Standard.</p> <p>5.3 The Net Proceeds have been allocated to Nominated Projects & Assets within 24 months of issuance of the bond.</p> <p>5.4 the Dutch State confirms that the Nominated Projects & Assets have not be nominated to other Certified Climate Bonds, Certified Climate Loans, Certified Climate Debt Instruments, green bonds, green loans or other labelled instruments (such as social bonds or SDG bonds).</p> <p>5.5 the Dutch State confirms that it has tracked the share of the Net Proceeds used for financing and refinancing.</p> <p>5.6 the Dutch State's Green Bond Framework documents that the Net Proceeds are tracked following a formal internal process.</p> <p>5.7 the Dutch State has confirmed that the Net Proceeds raised are no greater than the total investment exposure or debt obligation to the Nominated Projects & Assets which are owned or financed by the Issuer.</p> <p>5.8 N/A</p> <p>5.8.1 N/A</p>	None
Process for Evaluation and Selection of Projects & Assets	<p>6.1 the Dutch State's Green Bond Framework documents a decision-making process which it uses to determine the continuing eligibility of the Nominated Projects & Assets. This includes, without limitation:</p> <p>6.1.1 A statement on the climate-related objectives of the financing;</p> <p>6.1.2 How the climate-related objectives of the financing are positioned within. the context of the the Dutch State's overarching objectives, strategy, policy and/or processes relating to environmental sustainability;</p> <p>6.1.3 the Dutch State's rationale for issuing the bond;</p> <p>6.1.4 A process to determine whether the Nominated Project meet the eligibility requirements specified in the Climate Bonds Standard;</p> <p>6.1.5 Other information provided by the Dutch State as described in Clause</p>	None
Management of Proceeds	<p>7.1 the Dutch State confirmed that Net Proceeds of the bond were credited to a sub account, moved to a sub- portfolio or otherwise</p>	None

	<p>identified by the Dutch State in an appropriate manner, and documented.</p> <p>7.2 the Dutch State confirmed that it maintained an earmarking process to manage and account for allocation of Net Proceeds to the Nominated Projects & Assets.</p> <p>7.3 the Dutch State has confirmed that while the financing remained outstanding, the balance of the tracked Net Proceeds were reduced by amounts allocated to Nominated Projects & Assets. Pending allocation, the Net Proceeds were managed according to the treasury policy of the State of Netherlands.</p>	
Reporting – Post-issuance	<p>8.1. the Dutch State is committed to preparing an Update Report at least annually while the financing remains outstanding.</p> <p>8.1.2. The Update Report will be made available to the lenders and to the Climate Bonds Standard Board.</p> <p>8.1.3. the Dutch State will provide an Update Report to the lenders on a timely basis in case of material developments</p>	None

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2015: Best SRI or Green Bond Research or Rating Firm
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