Dutch State Treasury Agency
Ministry of Finance

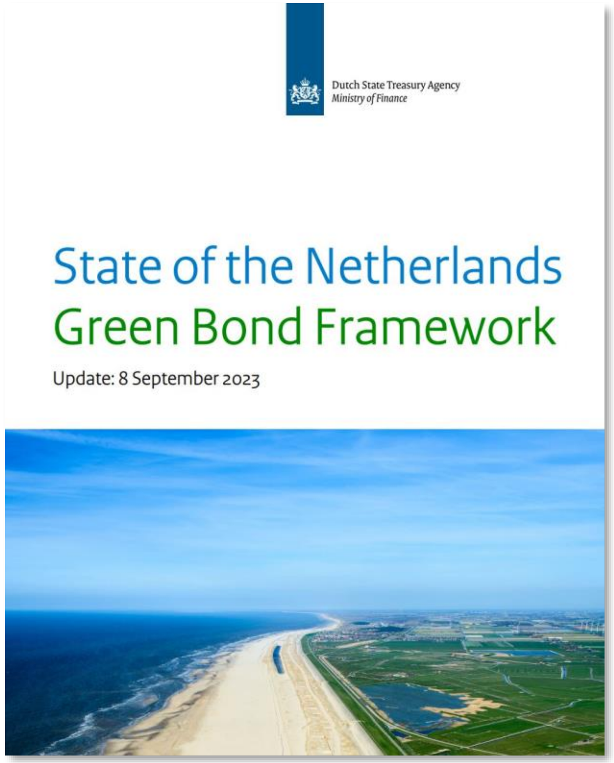
Investor presentation Green Dutch State Loan (DSL) 2044

Dutch Direct Auction (DDA) on
17 October 2023 by the Dutch State
Treasury Agency

Latest update: 29 September 2023

Reasons to buy the new Green DSL 2044

- **Strong green and blue credentials**
  - Ambitious climate commitment: aim for 60% emissions reduction in 2030 (compared to 1990)
  - **Netherlands first green sovereign AAA issuer;** currently over € 15 billion outstanding green bonds
- **Blue at the heart of the Framework in anticipation of EU Green Bond Standard**
  - "blue" expenditures fully mapped to criteria relating to flood protection and climate adaption
  - Nearly full adherence to EU Taxonomy (including June 2023 amendments)

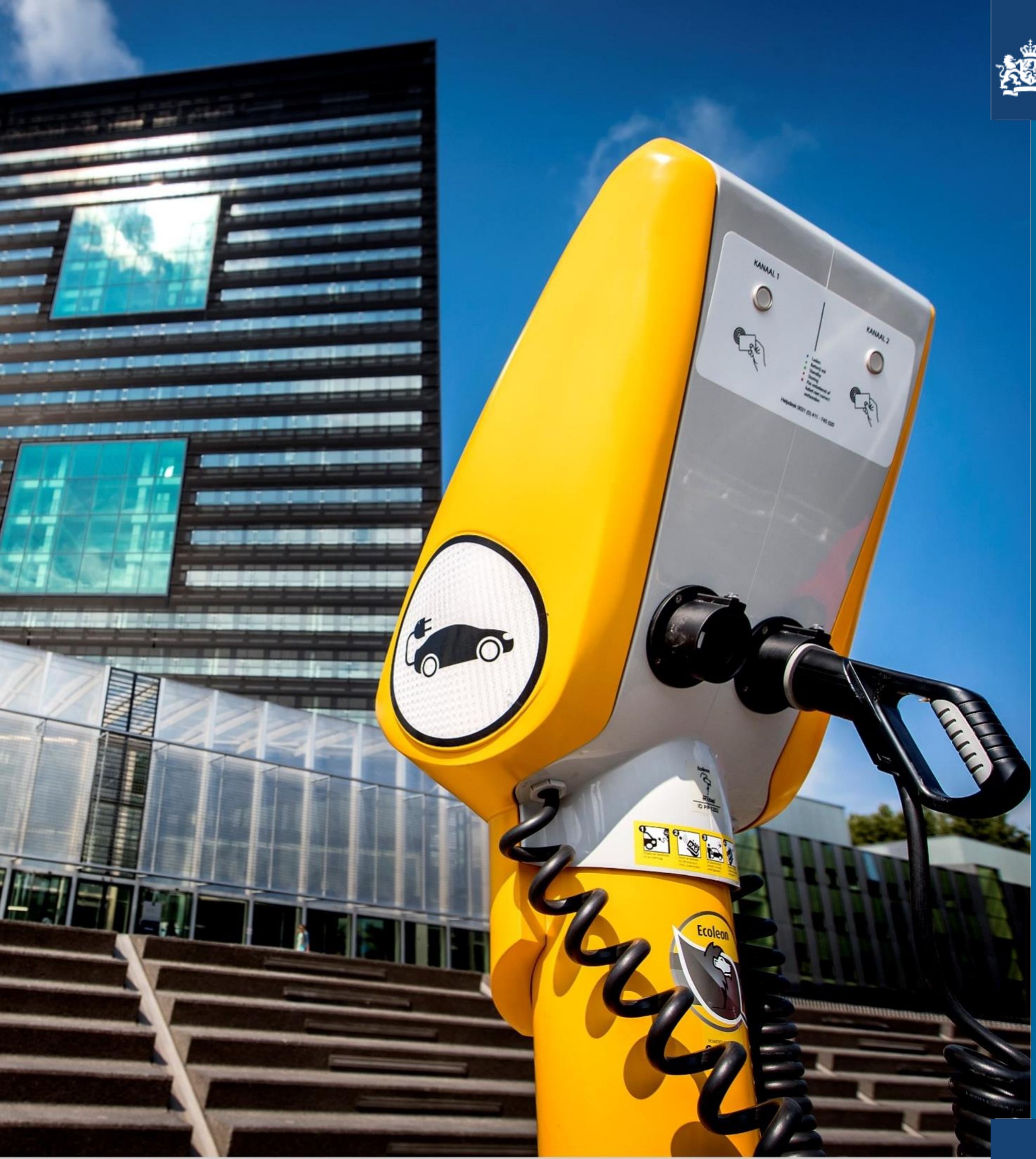


Reasons to buy the new Green DSL 2044

- **Very creditworthy issuer**
  - Highest credit rating (Aaa/AAA/AAA)
  - Strong resilience shown during pandemic & energy crisis
  - Solid budget: EMU-debt level in 2023 and 2024 not more than 48.0% GDP

Auction details Green Dutch State Loan 2044

Issuance Green DSL 2044	
Auction date	17 October 2023, start 10:00 CET
Maturity date	15 January 2044
Reference bond	DBR 2.5% July 2044
Target volume	€ 4 - 5 billion
Pricing	Aim to price on the auction day, but no later than 12:00 CET on 18 October 2023
Settlement date	Two days after the issuance price is set
Coupon	To be announced on 13 October 2023
Initial spread guidance	To be announced on 16 October 2023
Country rating	Aaa (Moody's) / AAA (Fitch) / AAA (S&P)



Contents

1. The Green DSL

2023 Green Bond Framework: adheres to best market practices

The Framework adheres to best market practices

- Green Bond Principles 2021 (with June 2022 appendix), as administered by ICMA
- EU Taxonomy 2021 Delegated Act
- EU Taxonomy 2023 Environmental Delegated Act and Climate Delegated Act

The Green Bond Framework is published on the DSTA website

2023 Green Bond Framework: Sustainable Quality Score of “Very good”(SQS2) by Moody’s

The DSTA appointed Moody’s for a Second Party Opinion (SPO) on the Framework.

According to Moody’s, the 2023 Green Bond Framework:

- is assigned a Sustainable Quality Score of “Very good” (SQS 2)
- is considered to be aligned with the four core components of the Green Bond Principles version 2021 (with June 2022 Appendix)
- demonstrates a high overall contribution to sustainability

Second Party Opinion dated 8 September 2023 can be found on DSTA website

2023 Green Bond Framework: Overview

1. Use of Proceeds	Four eligible categories: Climate Change Adaptation & Water Management Energy Efficiency / Renewable Energy / Clean Transportation
2. Process for Evaluation & Selection	Annually by Interdepartmental Green Bond Working Group
3. Management of Proceeds	• Monitoring via the National Financial Annual Report • Intention to allocate at least 50% to expenditures in the budget year of issuance or future budget years (look-back period: maximum two years) • Full allocation targeted within two years after the issuance
4. Allocation & Impact Reporting	• Annual until full allocation • On timely basis in case of material developments
5. External Reviews	Pre-issuance: SPO by Moody's Post-issuance: Verification by the Independent Central Government Audit Service

2023 Green Bond Framework: What has changed? (1)

- Eligible Expenditures :
  - New Eligible Expenditures added, showing variety of actions taken
    - Tax relief for sustainable energy production by households (*Salderingsregeling*)
    - IPCEI Hy2Use
    - Direct investments in Transmission System Operators / Distribution Network Operators (max 20% of annual proceeds)
    - Subsidy on heat networks
    - Tax relief and subsidies for electric vehicles
  - All mapped to EU Taxonomy Economic Activities, all meet at least Substantial Contribution and MSS
  - Expenditures related to Flood Protection prevention & nature based solutions added and mapped (based on June 2023 Climate Delegated Act)

Table 1 – Eligible Expenditures

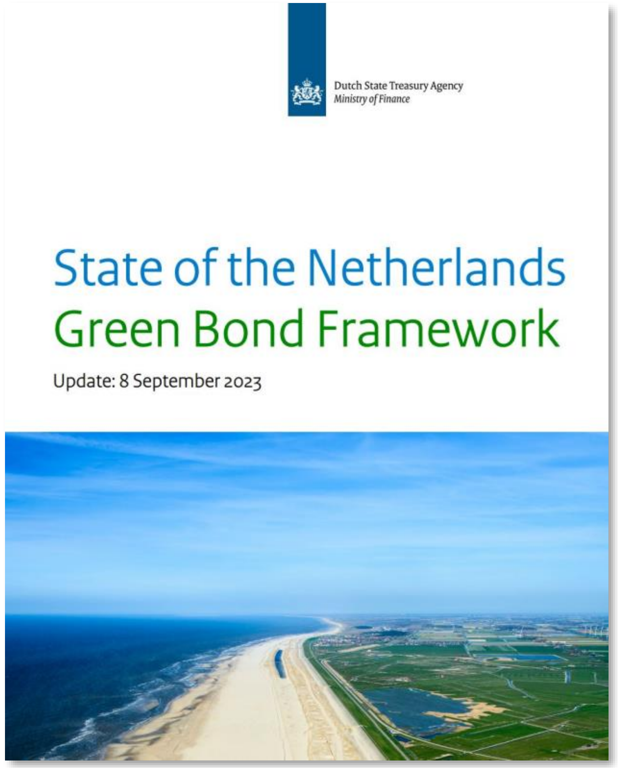
ICMA GBP category & SDG mapping	Category	Definition of Eligible Expenditures and main budget articles	EU Taxonomy Economic Activity
Eligible Green Expenditures			
• **Renewable Energy** 	Renewable energy generation	Expenditures to subsidise the production of renewable electricity (limited to solar energy and onshore and offshore wind energy) and support the development of renewable energy generation capacity. **Main eligible Central Government Budget articles or tax relief measures:** Economic Affairs and Climate Policy, Article 4 • *Stimulation of Sustainable Energy Production (SDE, SDE+ & SDE++)* • *Tax relief for sustainable energy production by households (Salderingsregeling[27])* • *Studies 'Wind op Zee'[28]* ***Examples:*** *Subsidies and expenditures for the development of solar- and offshore and onshore wind energy generation projects in the Netherlands.*	EU Environmental Objective: Climate Change Mitigation 4.1. Electricity generation using solar photovoltaic technology 4.3. Electricity generation from wind power

2023 Green Bond Framework: What has changed? (2)

- Dual certification for EU Taxonomy and CBI-standards discontinued; adherence to EU Taxonomy is sole objective
- Change in Second Party Opinion Provider to Moody's following procurement
- Allocation of proceeds
  - In case of material changes, reporting on re-allocation if expenditures become ineligible, cancelled or postponed on best efforts basis

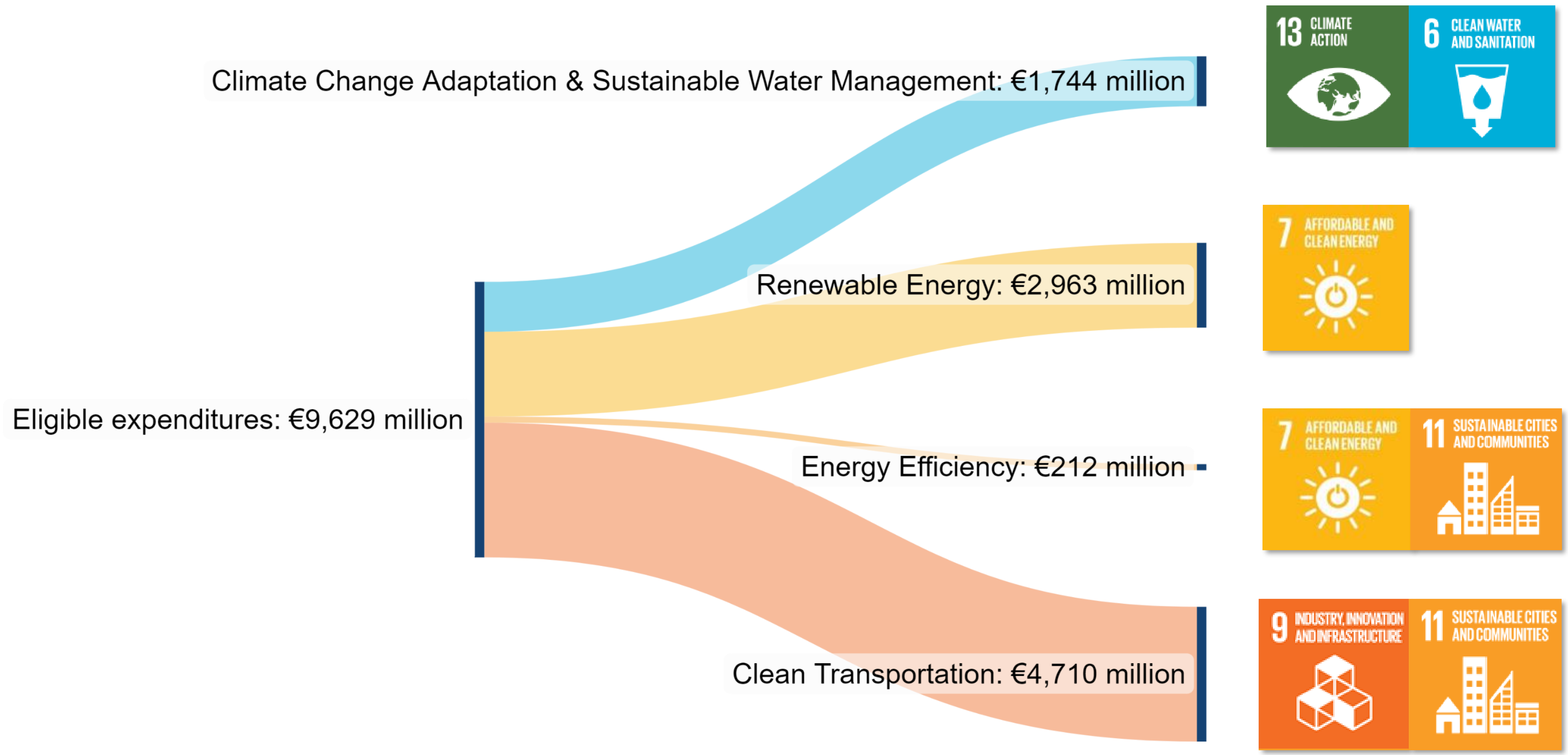
Nearly full adherence of Eligible Expenditures to the EU Taxonomy

- In the 2023 Green Bond Framework, the eligible expenditures adhere to the substantial contribution criteria as a minimum for the twelve economic activities as defined in the EU Taxonomy 2021 Delegated Act and the adopted 2023 Delegated Act
- Assessment by Second Party:
  - Moody's assessed the alignment of the use of proceeds criteria with the EU Taxonomy 2021 Delegated Act and the proposed 2023 Delegated Act. Moody's could map Eligible Expenditures, under the four use of proceeds categories, to 12 EU Taxonomy activities. These activities <u>all</u> align with the applicable Substantial Contribution Criteria and, except for one, the Do No Significant Harm Criteria
  - Moody's is also of the opinion that the activities and projects to be financed under the Framework will be carried out in alignment with the EU Taxonomy's Minimum Social Safeguards



Quick overview: Adherence to Do No Significant Harm

EU economic activity	3.1 (nature based solutions for flood and drought risk prevention and protection)	3.10 (manufacture of hydrogen)	4.1 (electricity generation using solar photovoltaic technology)	4.3 (electricity generation from wind power)	4.9 (transmission and distribution of electricity)	4.14 (transmission and distribution networks for renewable and low-carbon gases)	4.15 (district heating/cooling distribution)	5.1 (construction extension and operation of water treatment, collection and supply systems)	6.5 (transport by motorbikes, passenger cars and light commercial vehicles)	6.13 (infrastructure for personal mobility, cycle logistics)	6.14 (infrastructure for rail transport)	14.2 (flood risk prevention and protection infrastructure)
Climate change adaptation	☑	☑	☑	☑	☑	☑	☑	N/A	☑	☑	☑	N/A
Sustainable use and protection of water and marine resources	☑	☑	N/A	☑	N/A	☑	☑	☑	N/A	☑	☑	☑
Transition circular economy	☑	N/A	☑	☑	☑	N/A	N/A	N/A	☑	☑	☑	☑
Pollution prevention and control	N/A	☑	N/A	N/A	☑	N/A	N/A	N/A	☒	☑	☑	N/A
Protection and restoration of biodiversity and ecosystems	☑	☑	☑	☑	☑	☑	☑	☑	☑	☑	☑	☑


Climate Change Adaptation & Sustainable Water Management: €1,744 million
Renewable Energy: €2,963 million
Eligible expenditures: €9,629 million
Energy Efficiency: €212 million
Clean Transportation: €4,710 million
13 CLIMATE ACTION
6 CLEAN WATER AND SANITATION
7 AFFORDABLE AND CLEAN ENERGY
7 AFFORDABLE AND CLEAN ENERGY
11 SUSTAINABLE CITIES AND COMMUNITIES
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
11 SUSTAINABLE CITIES AND COMMUNITIES

Eligible expenditures:
1. Climate Change Adaptation & Sustainable Water Management

- Expenditures under the Dutch Delta programme for flood risk management, freshwater supply and spatial planning
  - **(€1.744 million)**
- EU Environmental Objective: Climate Change Adaptation
  - 5.1. Construction, extension and operation of water collection, treatment and supply systems
  - 14.2. Flood risk prevention and protection infrastructure*
- EU Environmental Objective: Sustainable use and protection of water and marine resources
  - 3.1. Nature-based solutions for flood and drought risk prevention and protection*

* Commission Proposal published in June 2023

Case study: Investments in water quality

- Programmatic approach to improve the water quality of the main water arteries of the Netherlands.
- Clean and ecologicaly healthy water, for example restoring biodiversity, creating an ecological network, extracting pharmaceutical residues,
- Total water quality investments in 2023: € 113 milion

Case study - Flood risk management investments from Delta Fund - Afsluitdijk

- Reinforcing and raising of the Afsluitdijk
- Use of specially designed blocks to diminish quantity of concrete and CO_2 emissions with 56%
- Fish migration river for e.g. trout, salmon and eel to improve the ecosystem
- Total flood risk management investments at the Afsluitdijk: € 243 million in 2023

Eligible expenditures:
2. Renewable energy

- Expenditures to support the development of renewable energy generation capacity, limited to solar and wind energy, investments in the electricity transmission system as well as the construction of a national transport network for hydrogen
  - (**€2,963 million** in 2022 and 2023)
- EU Environmental Objective: Climate Change Mitigation
  - 3.10. Manufacture of Hydrogen
  - 4.1. Electricity generation using solar photovoltaic technology
  - 4.3. Electricity generation from wind power
  - 4.9. Transmission and distribution of electricity
  - 4.14. Transmission and distribution networks for renewable and low-carbon gases

* Commission Proposal published in June 2023

Case Study – "Important Project of Common European Interest (IPCEI) - Hy2Use"

- Construction of hydrogen-related infrastructure
- Development of technologies for the integration of hydrogen into industrial processes
- Public funding to unlock private investments (aid approved by European Commission)
- Investments: € 120 million in 2023
- Further information:

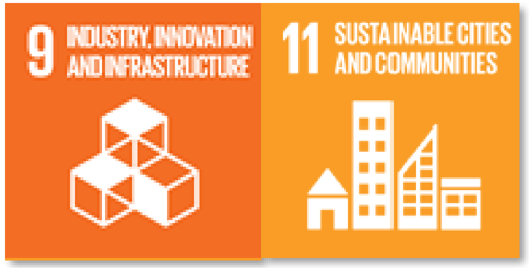
Eligible expenditures:
3. Energy Efficiency

- Expenditures for the improvement of infrastructure for district heating and cooling
  - (**€212 million** in 2022 and 2023)
- EU Environmental Objective: Climate Change Mitigation
  - 4.15. District heating/cooling distribution

Case study - “*Project WarmtelinQ*”

- Residual heat from Port of Rotterdam can sustainably heat homes, offices and greenhouses in the province of Zuid-Holland
- Expected to heat 120,000 homes with residual and sustainably produced heat
- Investments: € 82 million in 2022 and 2023

Eligible expenditures:
4. Clean Transportation



- Expenditures for the development, maintenance and management of fully electrified railway infrastructure (including rail, light rail, tram and metro), excluding dedicated freight railway infrastructure
  - (**€4,710 million** in 2022 and 2023)
- EU Environmental Objective: Climate Change Mitigation
  6.5. Transport by motorbikes, passenger cars and light commercial vehicles
  - 6.13. Infrastructure for personal mobility, cycle logistics
  - 6.14. Infrastructure for rail transport

Case Study - Clean Transportation

- Increasing the capacity of the railway infrastructure
- This megaproject includes:
  - Redesign of train stations to increase capacity for passenger flows
  - Redesign of crossings
  - Mitigation of potential disturbances such as limiting noise disturbance and vibrations
- Investments: € 157 million in 2023

Reporting will be in line with best market practices

- Allocation and impact reports will be published on the DSTA website
- The impact report will be based on existing publicly available reporting of the results and impact of Eligible Expenditures
- Timing:
  - Annually until full allocation
  - Timely in case of material developments
- Link to most recent allocation and impact report: Green bond report 2022 | Publication | english.dsta.nl
- Bond-by-bond reporting

Anticipated Impact Indicators

- Specific results (e.g. total number of projects)
- Environmental impact indicators (e.g. avoided CO_2 equivalent emissions)
- Climate change related impact indicators for the Netherlands (e.g. percentage of renewable energy production)
- The DSTA also strives to provide social impact metrics to illustrate the expected social benefits generated by the Eligible Expenditures when feasible and relevant (e.g. number of beneficiaries)
- When feasible, an estimation of adverse environmental and social impact related to the Eligible Expenditures will be provided

2. Climate Outlook

Climate change is already affecting the Netherlands

- Average yearly temperature increased 1.1ºC between 1961-1990 and 1991-2020 and there has been an 8% increase in precipitation over same period*
- Extreme weather conditions are occurring more often (both precipitation and drought)
  - Examples: floodings in Limburg in July 2021; Summer 2023 with extreme drought and local floodings due to rainfall
- As a low-lying delta country, more than 50% of the country is affected by flood risks from both sea and rivers
- Measures already taken:
  - Delta Works (since 1953)
  - Room for the River programme (started in 1995)
  - Sand Motor pilot for natural coastal protection (2011 – 2021)

*Source: The Royal Netherlands Meteorological Institute (KNMI) (2021), Klimaatsignaal '21, available here, in Dutch

55% GHG-reduction in 2030 within reach

- Target for 2030 is to achieve at least 55% GHG-reduction by aiming for 60% reduction (from 1990 levels). This target has been set in the Climate Law
- The Climate Law requires the independent Netherlands Environmental Assessment Agency (PBL) to project annually the impact of current policy:
- PBL projects a GHG reduction of 46-57% in 2030, bringing the 2030 target within reach.
- Caretaker government will continue to execute climate policy until new government if formed

Including introduction of a climate fund

- A **climate fund of over € 30 billion** for the **coming 10 years** will be established
- Investments in:
  - Energy infrastructure (in line with National Energy Plan: electricity, hydrogen, geothermal and Carbon)
  - Green industrial policy
  - Developing a more sustainable mobility and urban environment
- Current status: approved by House of Representatives, due for approval by Senate

Not only climate change mitigation, but also focus on climate change adaptation

- Delta act provides legal basis to ensure that flood risk management is climate-proof and water resilient by 2050 (Deltaprogramme and Deltafund)
- The Deltaprogramme executes adaptation measures:
  - Flood risk management
  - Fresh water supply
  - Spatial adaptation
- In addition to the Delta fund, a number of other measures are taken at e.g. local level in order to better deal with extreme rain

Fossil fuel subsidies in eye of public debate

- Fossil fuel subsidies are mostly tax advantages that benefit the use of fossil fuels; estimated at EUR 39,7 to 46,4 billion per annum.
- The Netherlands has started diminishing these advantages; e.g. phasing out of
  - Energy tax refund for energy intensive companies
  - Indirect cost compensation for Emission Trading Scheme (ETS)-companies
  - Exemptions for green house horticulture
- Sustainable alternatives should increasingly become available to facilitate the phasing out of fossil fuels
- International cooperation required to phase out support based on existing international treaties
- House of representatives confirmed recently to make phasing out diplomatic key point for the Netherlands

3. Economic Outlook

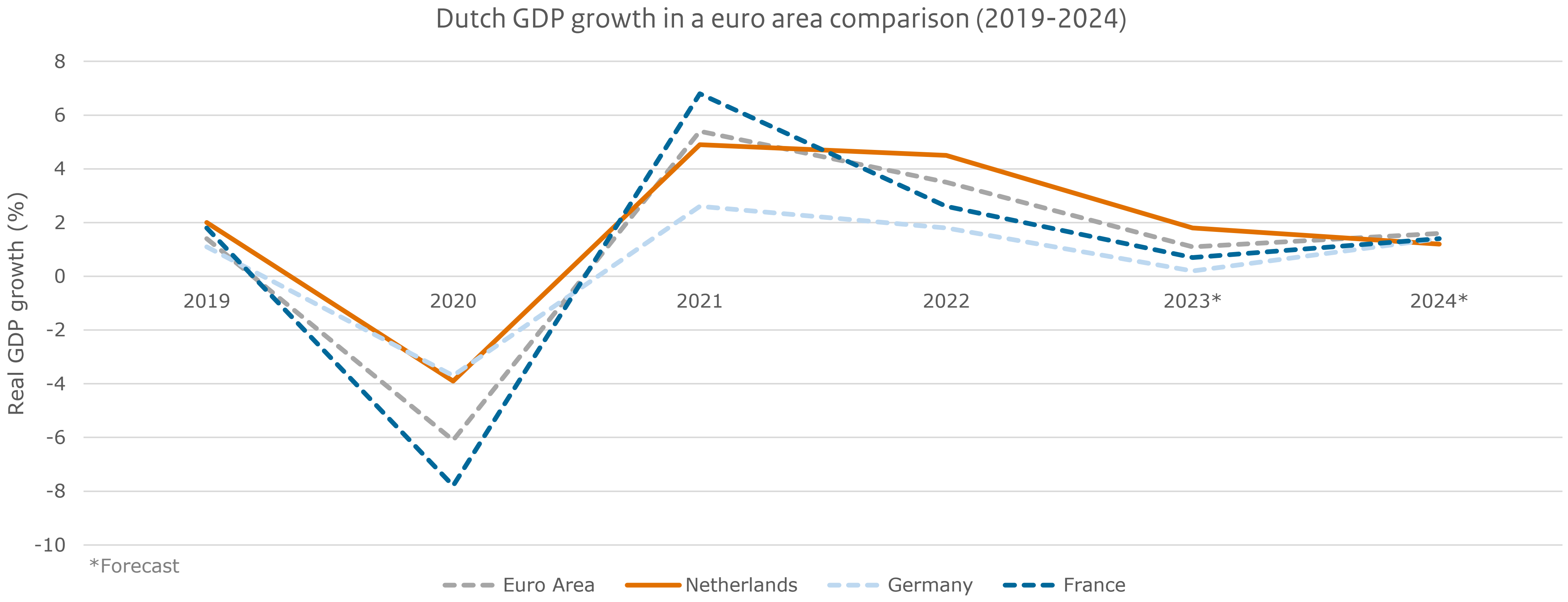
Modest economic growth in 2023, stronger economic growth expected for 2024

% change compared to same period last year	2022	2023*	2024*	2025*	2026*
GDP	4.3	0.7	1.5	1.2	1.1
Consumption (households)	6.6	0.6	2.4	2.0	1.8
Consumption (government)	1.6	2.4	3.1	1.1	0.9
Investments	1.0	2.8	0.3	1.5	1.7
Imports	3.8	1.9	2.1	3.0	2.8
Exports	4.5	0.8	1.5	2.3	2.2
Inflation (HICP)	11.6	4.1	3.9	2.3	2.3

* Forecast

Source:CPB Netherlands Bureau for Economic Policy Analysis, August 2023 (link), September 2023 (link)

Strong rebound of Dutch GDP after pandemic



Source: European economic forecast, Spring 2023 (Link)

Risks to the outlook remain, but mitigating factors exist

RISKS

Tight labour market

- Mismatch between vacancies and skills of unemployed, shortages in multiple sectors

High inflation

- Inflation was already high as a result of the pandemic, but intensified during the energy crisis.

Political uncertainty

- New elections in November 2023; time until formation of new government

Pension reforms

- Effects of upcoming pension reforms unknown; could change lending appetite of institutional investors

MITIGATING FACTORS

Rising wages

- Return of regular business dynamics after Covid-19 could lead to re-allocation of labour

Resilient financial landscape

- The Dutch economy and financial sector are able to absorb macroeconomic shocks

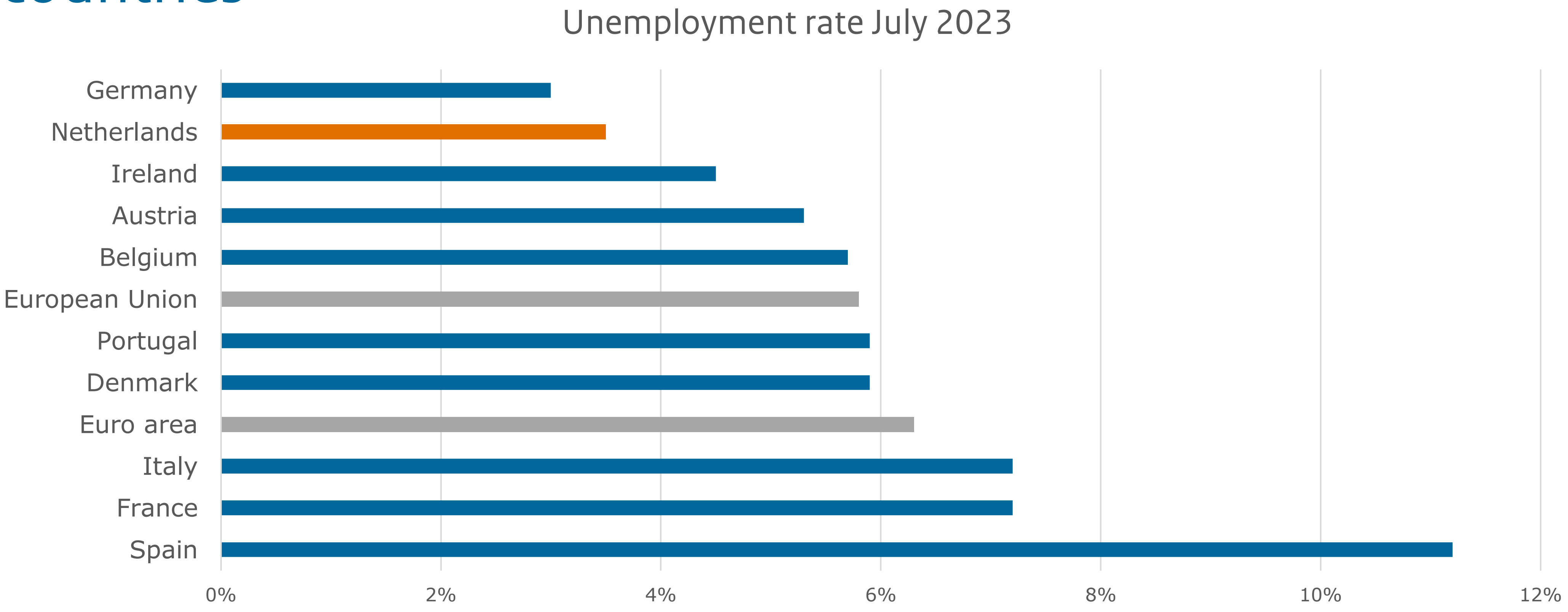
Strong fundamentals

- Dutch economy was resilient in light of the pandemic and the recent energy crisis.

Mandate of caretaker government

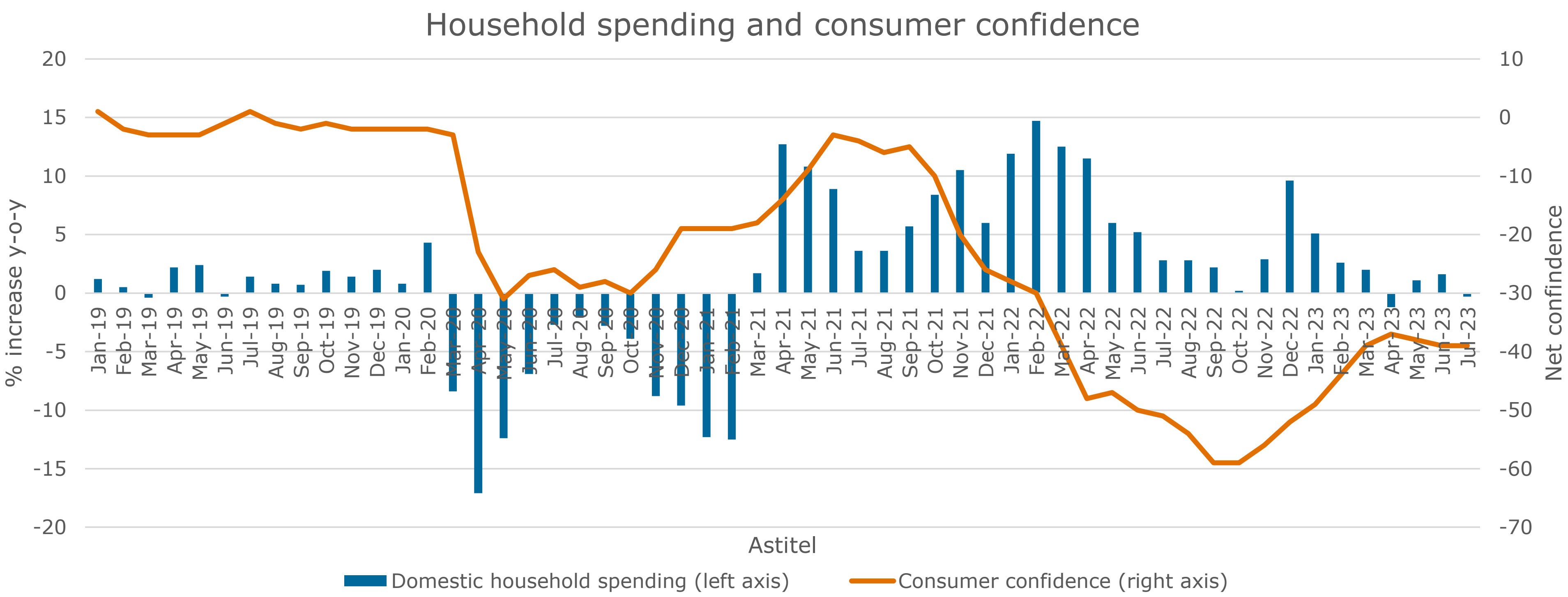
- Can take necessary decisions to fight immediate crisis

The Dutch labour market remains tight in comparison to other EU countries



Source: Eurostat, September 2023 (link)

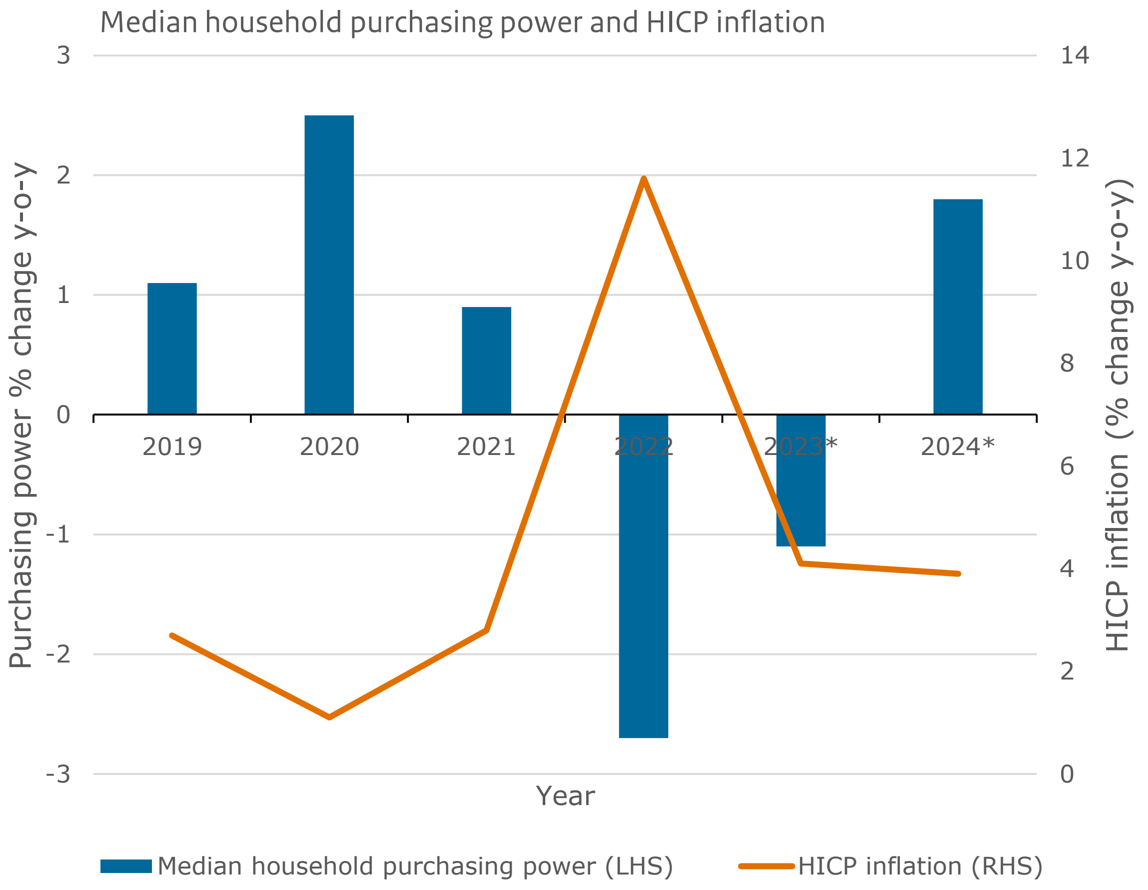
Consumer confidence remains low, as consumer spending grows marginally



Source: Statistics Netherlands, September 2023 (link)

Purchasing power affected by inflation, but slight recovery in 2024

- Income groups are unequally affected by increasing price levels
- Over 2022-2024, lower income households gain 3.6% purchasing power, whereas higher income households see a 3.7% decline
- The government has taken measures to support purchasing power, especially for lower income and vulnerable households
- Targeted measures include an increase of the child budget and a lower VAT on fuel

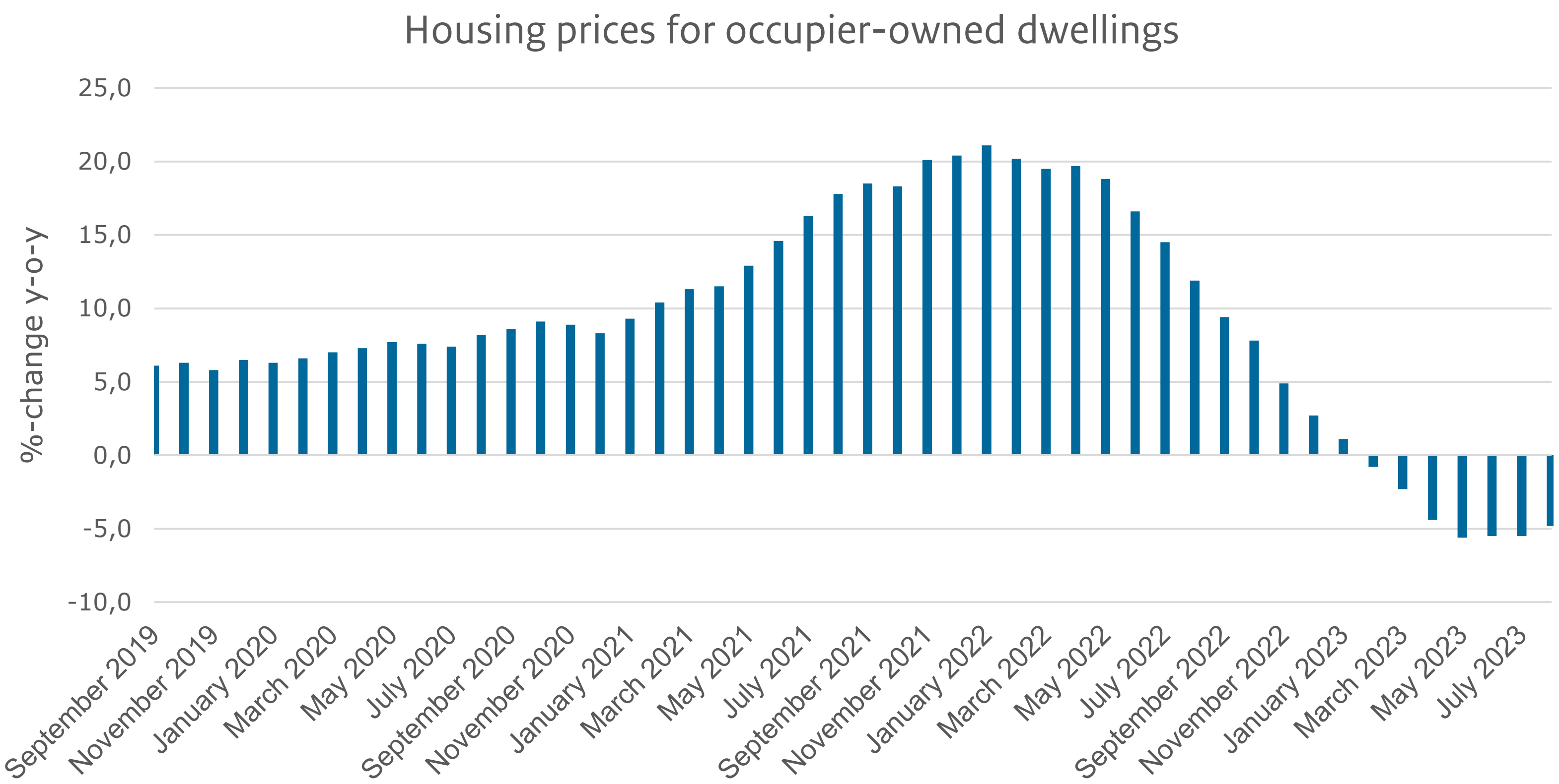


*Forecast

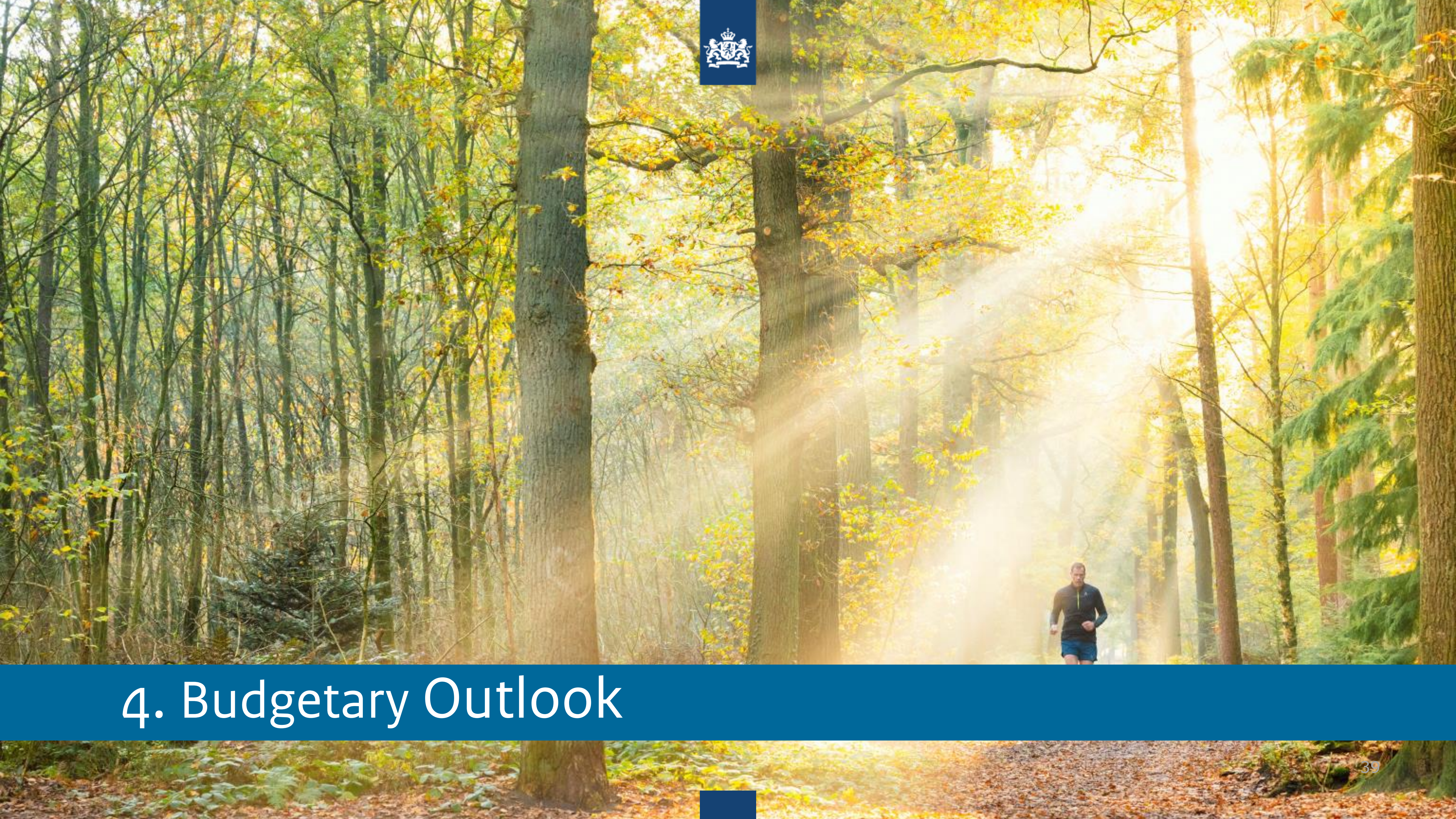
Source: CPB Netherlands Bureau for Economic Policy Analysis, September 2023 (link)

Year-on-year housing prices have fallen in the face of rising interest rates

- Housing prices have decreased after years of strong growth
- Still, m-o-m growth in housing prices between July and August 2023



Source: Statistics Netherlands, (2023) (link)

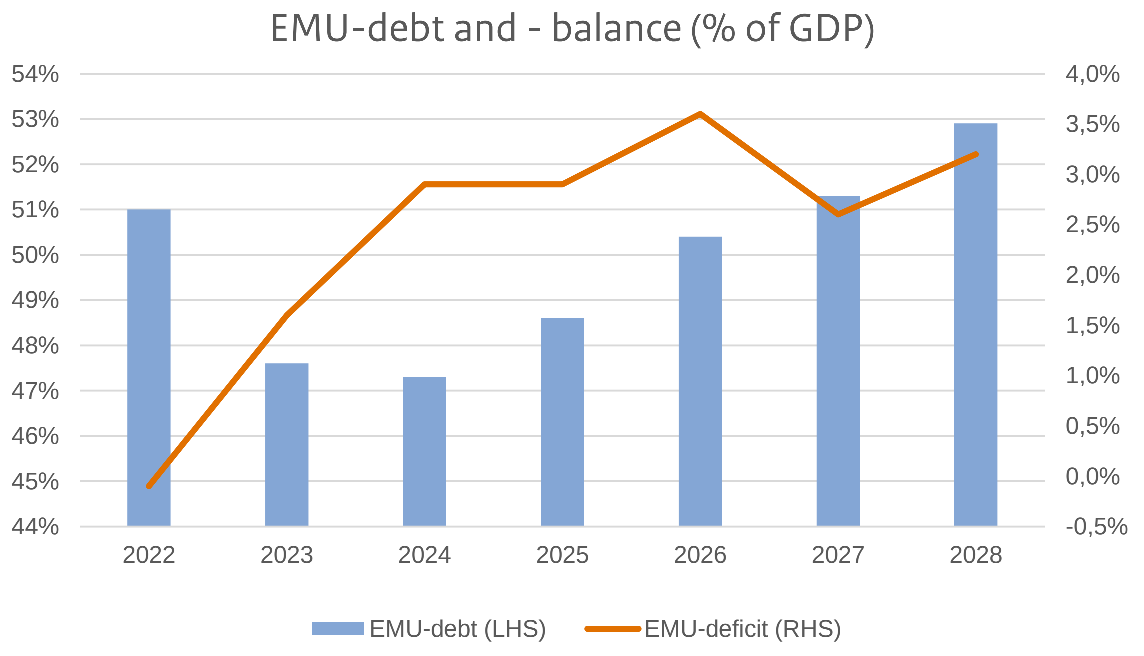


4. Budgetary Outlook

Budget deficit increases, but Dutch public finances remain sound

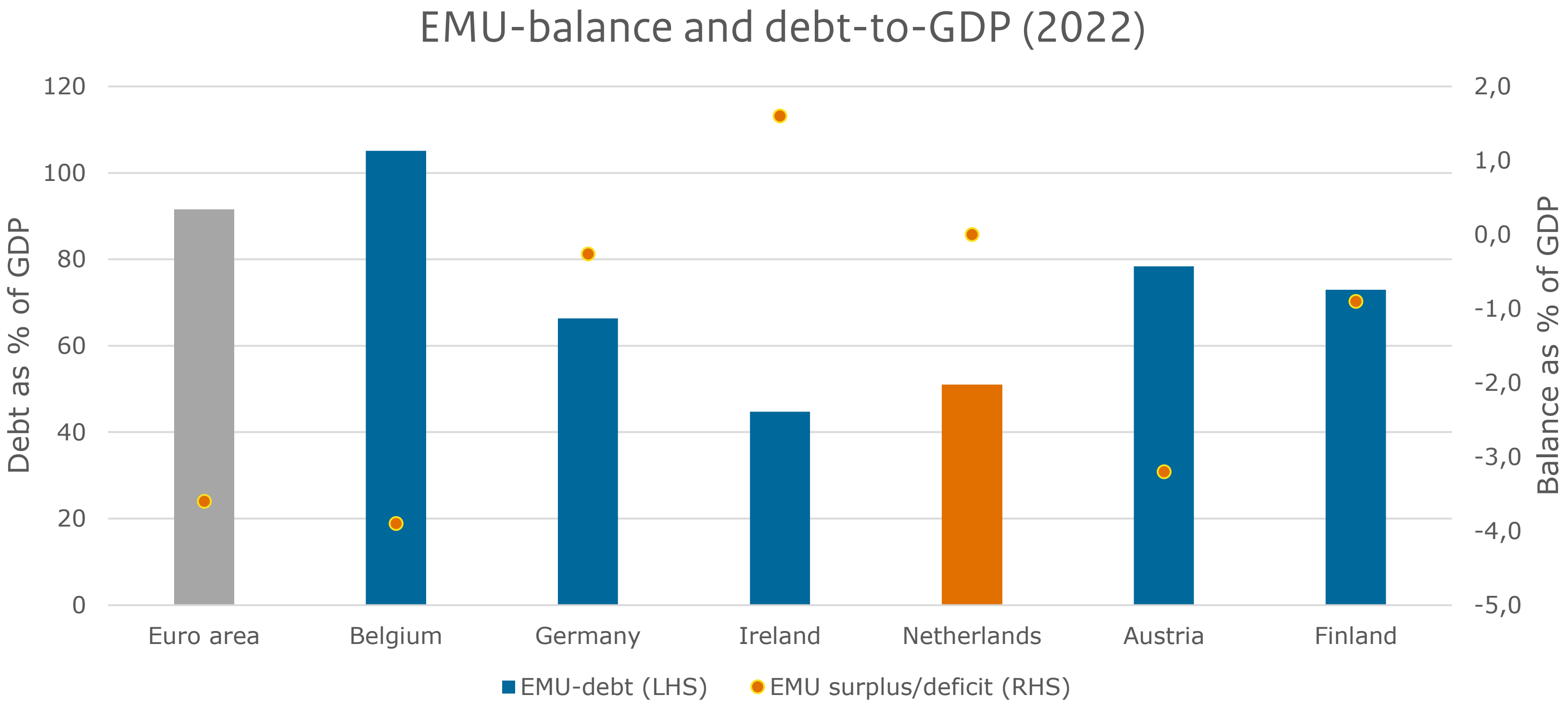
In % of GDP	2022	2023	2024	2025	2026	2027	2028
EMU-balance	0.1	-1.6	-2.9	-2.9	-3.6	-2.6	-3.2
EMU-debt	51.0	47.6	47.3	48.6	50.4	51.3	52.9
Debt-servicing costs	0.5	0.7	0.8	0.9	1.0	1.1	1.2

- Public finances remain robust
- EMU budget deficit increases in 2023 and 2024 because of measures to support purchasing power
- Higher interest rates are increasing the cost of debt financing
- Spending remains below EMU thresholds until 2025



Source: Ministry of Finance, Budget Memorandum 2024, 19 September 2023

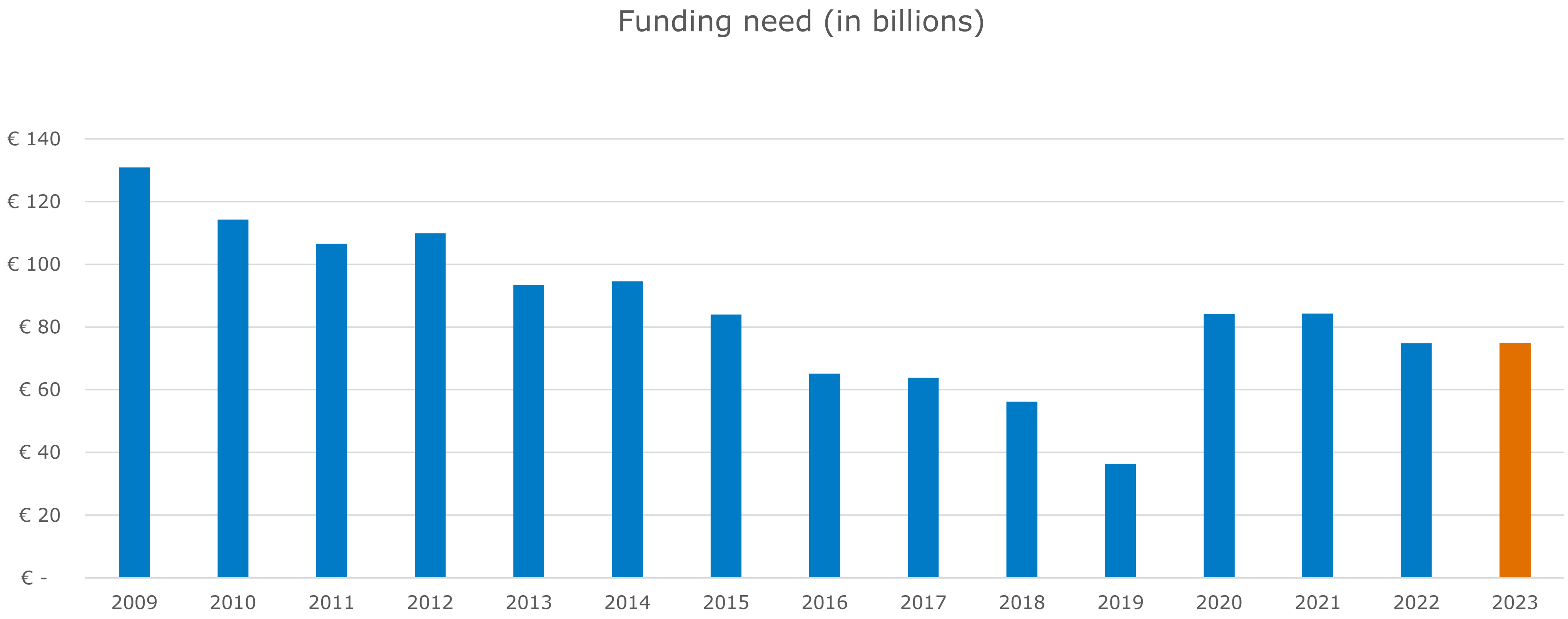
Low deficit and debt-to-GDP compared to peers



Source: Eurostat (2023) General government gross debt – annual data (Link)
and Government deficit/surplus – annual data (Link)

5. Funding and issuance

Funding need over the years



A closer look at the funding need

- Based on the figures of the 2024 Budget Memorandum the DSTA has updated its funding need for 2023 and expects a cash deficit for 2023 that is €11.6 billion lower than previously communicated in June and € 24.8 billion lower than anticipated in January 2023
- Change caused by e.g. variations in tax income & social security contributions, lower than expected spending on the energy price cap and underspending

Funding need	Amounts (in € bn)
Capital market redemptions 2023	31.6
Money market ultimo 2022	34.5
Cash deficit 2023*	8.8
Total funding need 2023	**74.9**

* A cash deficit is shown as a positive number because it increases the total borrowing requirement

DSL Issuance in 2023

- Given the updated borrowing requirement, DSTA lowered its expected call on the capital market from € 50 billion to **€ 46 billion** (in nominal amount) in 2023
- Consisting of:
  - Launch of a new Green 20-year DSL;
  - Launch of a new 10-year benchmark bond;
  - Launch of a new 7-year benchmark bond;
  - Reopening of the DSL 15 January 2026;
  - Tap auctions in on-the-run and off-the-run DSLs.
- So far, **86%** of this call on the capital market is completed as at the end of September

DSL issuance calendar Q4 2023

Auction date	Details	Target volume (€ billion)
17 October 2023	New 20-years Green DDA	4 – 5
24 October 2023	Reopening of the DSL 15 July 2033	To be announced*
14 November 2023	Optional: Tap of an existing DSL	To be announced*

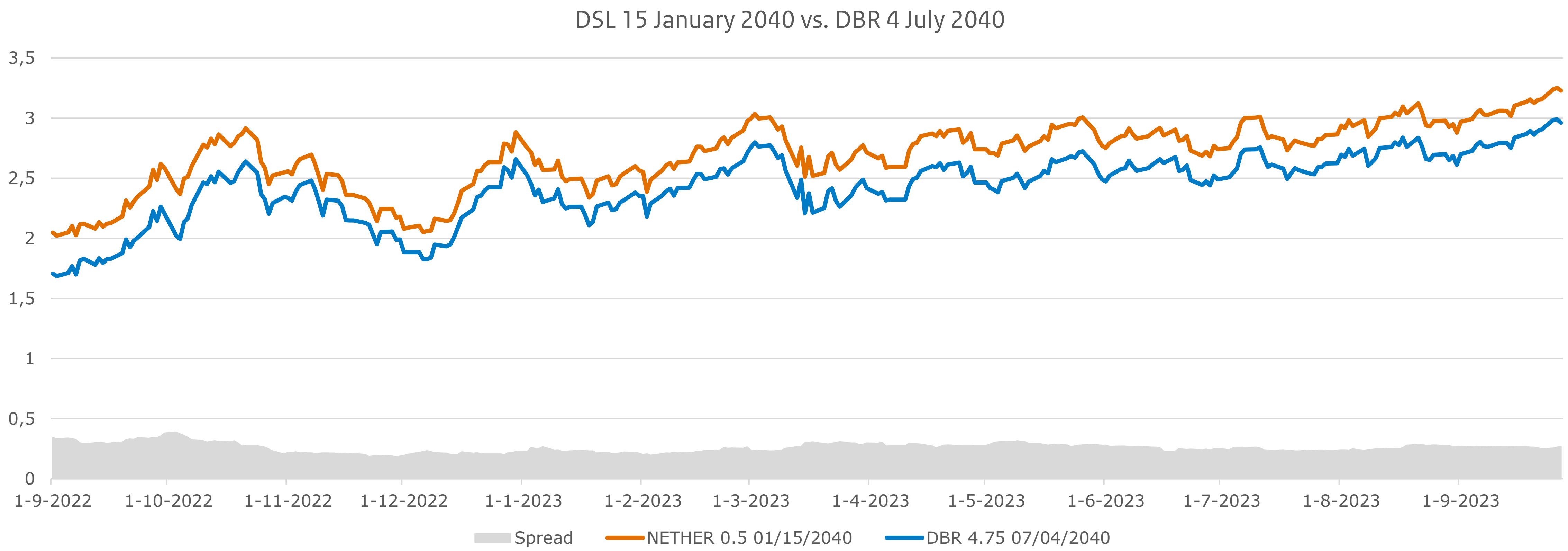
* Target volume and other details will be announced at a later stage

Ensuring liquidity in secondary markets

- Clarity at start of the year on new benchmark issuances (published in December Outlook)
- Annual issuance of a new 10-year bond
  - Outstanding amount of new 10-year bond raised to at least €12 billion within calendar year
  - Outstanding amount of new maturity less than 10-years DSLs raised to at least €12 billion within 12 months
  - Longer dated DSLs raised to at least €10 billion within several years

- Re-opening existing DSL lines after market consultation
- Quotation obligation for Primary Dealers to ensure tradable prices at all times
- Repo facility available to Primary Dealers (‘lender of last resort’)

Dutch yield attractive vs German Bund



6. Auction Details

Auction details Green Dutch State Loan 2044

Issuance Green DSL 2044	
Auction date	17 October 2023, start 10:00 CET
Maturity date	15 January 2044
Reference bond	DBR 2.5% July 2044
Target volume	€ 4 - € 5 billion
Pricing	Aim to price on the auction day, but no later than 12:00 CET on 18 October 2023
Settlement date	Two days after the issuance price is set
Coupon	To be announced on 13 October 2023
Initial spread guidance	To be announced on 16 October 2023
Country rating	Aaa (Moody's) / AAA (Fitch) / AAA (S&P)

Time schedule DDA of Green DSL 2044

- Book opens 10:00 CET on 17 October 2023
- Final spread guidance will be announced no later than 15:00 CET on the auction day
- Book closes at the latest 17:00 CET on the auction day
- Allocation communicated as soon as possible after closing the book; preferably on the auction day but no later than 09:00 CET the following business day
- Pricing from 30 minutes after allocation and preferably on the auction day itself; but no later than 12:00 CET the following business day

An overview of the Dutch Direct Auction

- Rule-based auction so all investors receive equal treatment. A single uniform price so the winner's curse is avoided
- Primary auction with direct participation of end-investors
- Bids can be placed via Primary Dealer(s) of choice and orders can be split via several dealers.
- The DSTA is the sole book runner
  - Level playing field among all Primary Dealers
  - Confidential participation of investors
- PDs must sign a DDA Allocation and Price Compliance Statement as indicated in the General Conditions for PDs (https://english.dsta.nl/subjects/d/dealers)

The DDA rules can be found on the DSTA website. The proces of the DDA is also set out in this short video clip

Annex – Use of proceeds

- The Green Bond issued by the State of the Netherlands intend to exclusively finance or refinance, in whole or in part, expenditures which are part of the Central Government Budget or tax relief measures which are included in the Budget Memorandum (*Miljoenennota*) and contribute to the EU Environmental Objectives of Climate Change Mitigation, Climate Change Adaptation ("Green Expenditures") and Sustainable use and protection of water and marine resources ("Blue Expenditures" and together with Green Expenditures, "Eligible Expenditures")
- Eligible Expenditures include government expenditures in the form of direct investment expenditures, tax relief measures and selected operational expenditures (including relating to research & development). Direct investment expenditures may include loan instruments, contributions or non-refundable capital support to state-owned institutions directed to activities or projects that meet the definition of Eligible Expenditures
- The expenditures are limited to Central Government Budget expenditures in the budget year preceding the issuance, the budget year of issuance and the two budget years following the issuance. The DSTA intends to allocate at least 50% of the net proceeds of the issued Green Bond to expenditures in the budget year of issuance or future budget years
- Eligible Expenditures may include expenditures towards state-owned enterprises, agencies and institutions which could potentially issue green bonds themselves, these expenditures will only be included when there is no risk of 'double-counting'
- Central Government Budget Expenditures which obtain dedicated funding are excluded from the Eligible Expenditures. Eligible Expenditures towards state-owned enterprises, agencies and institutions in the form of capital injections will be limited to 20% of the allocation of the annual issuance of a Green Bond

Annex – Project selection and evaluation

- The Green Bond Working Group is responsible for the annual evaluation and selection of Eligible Expenditures. The DSTA coordinates this process
- The list of potential Eligible Expenditures is subsequently evaluated by the Green Bond Working Group according to their feasibility and compliance with the set criteria and approves the selected expenditures as Eligible Expenditures
- Only inclusion if there is no risk of double-counting by being eligible for inclusion in another financing instrument. Expenditures towards state-owned institutions which issue green bonds themselves will be reviewed in detail by the Green Bond Working Group, which will ensure coordination with these institutions
- It is intended that all Eligible Expenditures financed under this Framework will adhere to internationally recognised guidelines, specifically the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises

Annex – Green Bond Working Group

An inter-departmental Green Bond Working Group, comprising of representatives from the:

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

The Green Bond Working Group is responsible for:

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

Annex – Management of proceeds

- On an annual basis, the DSTA will decide upon the allocation of the net proceeds of the issued Green Bond towards Eligible Expenditures based on the realised expenditure levels in the National Financial Annual Report
- As the Eligible Expenditures include expenditures from (i) the entire budget year preceding the issuance, (ii) the budget year of issuance and (iii) future budget years, the DSTA intends to allocate at least 50% of the net proceeds of the issued Green Bond to expenditures in the budget year of issuance or future budget years
- Pending the full allocation of the proceeds of the issued Green Bond to Eligible Expenditures, the DSTA will manage the unallocated proceeds in line with its treasury policy
- The allocation of the proceeds of the issuance or re-opening of a Green Bond to Eligible Expenditures will be reviewed and approved by the Green Bond Working Group on an annual basis, until full allocation
- In the event that expenditures have been cancelled, postponed, or otherwise become ineligible, the DSTA will, in coordination with the Green Bond Working Group, reallocate on a best effort basis the proceeds to other Eligible Expenditures as soon as reasonably practicable

Annex - Impact Indicators

Eligible Expenditures	Result indicators	Environmental impact indicators
Eligible Green Expenditures		
Renewable Energy		
▪ Stimulation of Sustainable Energy Production (SDE, SDE+ & SDE++) ▪ Tax relief for sustainable energy production by households (*Salderingsregeling*) ▪ Studies 'Wind op Zee' ▪ Hydrogen Backbone ▪ IPCEI Hy2Use ▪ Direct investment expenditures in Transmission System Operators (TSO) / Distribution Network Operators (DSO)	▪ Number of projects split per renewable energy technology ▪ Total subsidised renewable energy capacity (in MW) ▪ Number and type of offshore wind feasibility studies ▪ Length of the hydrogen backbone (in Kilometres) ▪ Capacity of the hydrogen backbone (in GW) ▪ Share of renewable energy transported through the grid	▪ Actual annual energy production in MWh/GWh (electricity) and GJ/TJ (other energy) ▪ Annual greenhouse gas emission avoidance (in CO_2 equivalent)
Energy Efficiency		
▪ Subsidy on heat networks	▪ Houses connected to the heat networks	▪ Annual energy savings (in MWh) ▪ Annual greenhouse gas emission reduction (in CO_2 equivalent)
Clean Transportation		
▪ Maintenance and management of railway infrastructure ▪ Development of railway infrastructure for passenger rail ▪ Tax relief and subsidies for electric vehicles	▪ Realised projects (case studies) ▪ Kilometres of infrastructure maintained	▪ Annual passenger train kilometres ▪ Passenger-kilometres and/or passengers (in tonne-kilometres and/or tonnes) ▪ Annual greenhouse gas emissions avoidance (in CO_2 equivalent) ▪ Reduction of air pollutants ▪ Number of clean vehicles deployed (e.g. electric)
Eligible Blue Expenditures		
Climate Change Adaptation & Sustainable Water Management		
▪ Deltafund	▪ Kilometres and percentage of dykes reinforced to a safe level ▪ Number and percentage of flood defences reinforced to a safe level	▪ Availability of flood defences (percentage) ▪ Reduction of flood risk / frequency ▪ Reduction in flood damage costs ▪ Reduced/avoided (clean) water loss