

Nederlandse Waterschapsbank N.V. (NWB)

Management of proceeds

NWB Treasury has established an internal management system to track and monitor individual eligible loans and the aggregated lending to eligible loans at all times.

To allow The Water Authorities to use some of the loans to supporting infrastructure, NWB will not qualify more than 90pct of their lending to the Water Authorities as eligible assets.

Proceeds from NWB Green Bonds can be used to re-finance as well as pre-finance. A list of the eligible Loans and The amount of new loans will be reported by NWB in the annual investor letter.

An annual internal audit of the earmarked account will confirm lending done during the calendar year.

ELIGIBLE Loans

"**Eligible Loans**" means a selected pool of Loans, provided in whole or in part, by NWB that promote the transition to a low-carbon and/or climate resilient growth as determined by The Water Authorities according to their mandate. Proceeds from Green Bonds will exclusively fund NWB lending to The Water Authorities. Eligible Loans may include Loans that target (a) mitigation of climate change, being waterway management ("Mitigation Loans") (b) adaptation to climate change, including investments in climate-resilient growth ("Adaptation") or (c) Biodiversity, to Loans which are related to Water related Biodiversity projects rather than directly climate related.

Examples of Eligible Loans may include

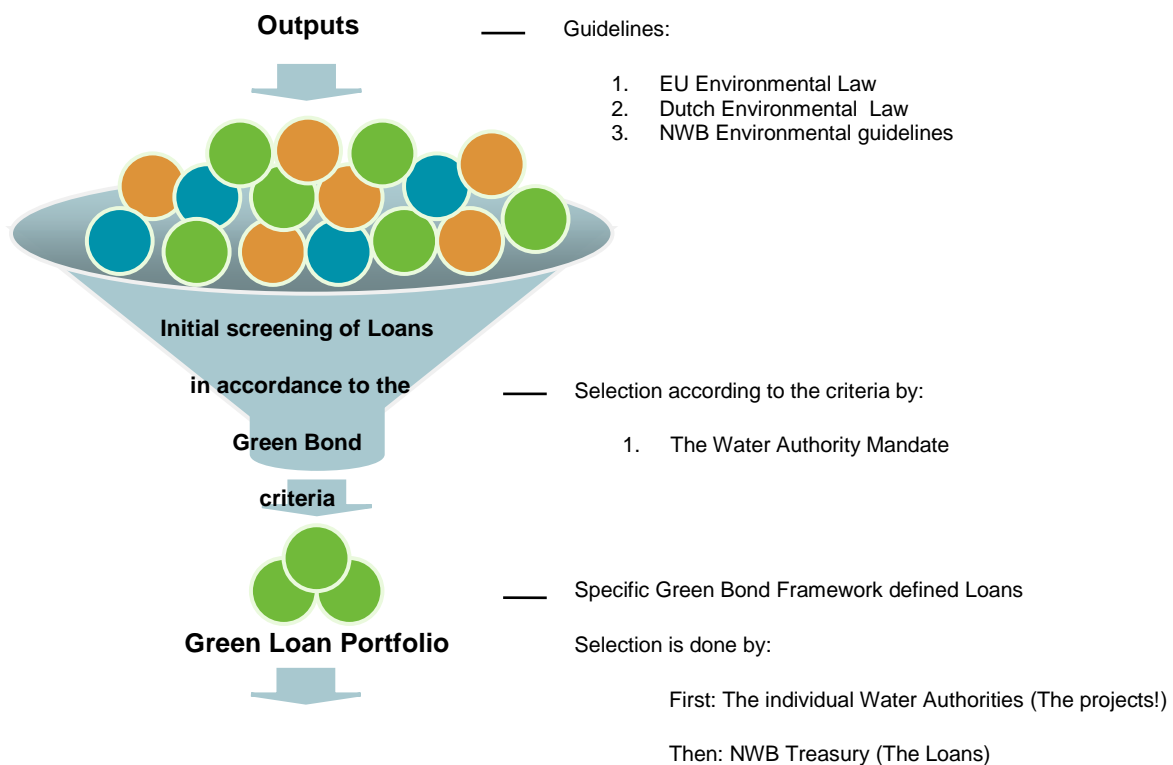
- Mitigation
 1. Energy recovery from waste water and extraction of Phosphor
- Adaptation
 1. Flood protection
 2. Other Flood defenses
 3. Pumping stations
- Biodiversity
 1. Sanitation and dredging of waterbeds
 2. Water treatment
 3. Transport and cleaning of wastewater

4. Disposal of sewage sludge

SELECTION OF ELIGIBLE LOANS

The Eligible Loans are selected by the Lending Department of NWB and represent loans provided to Water Authority in accordance with the Water Authorities mandate. The Water Authorities will use the funds to finance climate and environmental related projects and supporting infrastructure in accordance to this framework. To take reservation for administrative cost and supporting infrastructure NWB has decided to reduce the eligible portfolio with 10% of the total aggregated assets.

Green Bond Loan Selection Process Flowchart



TRANSPARENCY

To enable investors to follow the development and provide insight to prioritised areas the NWB will through its homepage provide an annual investor letter to investors including:

- 1) a list of eligible Loans
- 2) a selection of project examples
- 3) % Project allocation of the investments done by the water authorities on a portfolio basis and
- 4) a summary of the NWB Green Bond development.

Further:

NWB:

<https://www.nwbbank.com/csr-reporting-policies.html>

<https://www.nwbbank.com/green-bond>

Water Board:

<http://english.uvw.nl/download.php?f=bd1fb70b0413351985ed51558d859513>

<http://english.uvw.nl/download.php?f=f9d84f81925f17719a0b1e33df5d6cd5>