

# Climate Plan BNG Bank

Going **Green**



**BNG**  
BANK

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# Foreword

When I signed our commitment to the Paris Climate Agreement, back in 2019, I felt a deep sense of pride. We, the Dutch financial sector, were entering into joint agreements to ensure that our planet remains a good place to live in. I consider the present Climate Plan to be a highly meaningful outcome of that event. In addition, I notice that my fellow board members and the employees of BNG Bank feel energised by it. This need not surprise us: after all, care for the development of a future-proof society is in our bank's DNA. More than any other player, BNG Bank – the bank of and for the public domain – is aware that we have a joint social task. Hardly a day goes by without politicians and scientists warning us that it is five minutes to midnight. So let the public domain and its financiers take up this challenge and bring about real change.

The great thing is that I feel the same sense of commitment to fighting climate change when speaking with administrators and managers at municipalities, housing associations, care institutions, schools and universities. Indeed, their public interests and the interests of our bank fully coincide.

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*'We'll have to work tremendously hard and focus on what is possible, rather than letting ourselves be put off by what's impossible. The Climate Plan is about reducing CO<sub>2</sub> emissions, but the task we're facing is much broader than that.'*

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The joint task we are facing over the next few years is far from simple. Our clients have shouldered their responsibility by securing agreements at the sectoral level, specifying how they intend to contribute to reducing CO<sub>2</sub> emissions. While this is the right attitude, we are very much aware that in practice things

can become more complicated than we had bargained for. In the public domain, many different interests are at play all the time, which often makes it difficult to make the right choices. For example, as a care provider, how can you reach your climate targets without compromising on your care capacity? And as a housing association, how can you make your real estate portfolio more sustainable while keeping rent levels affordable? The dilemmas associated with 'Going Green' can generate some complicated puzzles.

We feel a deep responsibility to help our clients reach their climate targets in every way we can. We aspire to be a true partner that helps them explore opportunities and finances the coming transition. Our clients may expect us to continue providing loans at the most competitive rates, and to contribute our knowledge so as to accelerate the energy transition in a way that all parties can afford. For example, we have developed a vision of

constructing heat grids as one way of ending residents' dependence on gas at the lowest possible cost to society.

Together with our clients we will have to do our best to make 'Going Green' work, and this also means taking difficult decisions. This Climate Plan sets out the frameworks required for that. To achieve our objectives, we will engage in intensive dialogue with our clients. For BNG Bank, 'Going Green' constitutes a broader social challenge to take action against climate change, calling for the greatest possible effort to attain the CO<sub>2</sub> reduction targets that have been set.

*Gita Salden,  
Chief Executive Officer,  
BNG Bank*



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# BNG Bank and climate action

## Commitment

To keep the earth as liveable as possible for our own and future generations: that is why 195 countries signed the Paris Climate Agreement back in 2015. In it, they agreed to reduce worldwide CO<sub>2</sub>e emissions<sup>1</sup> to net zero by 2050 at the latest. That is the only chance we have to limit global warming to 1.5°C (relative to the 1850-1900 period). That we do so is crucial for life on earth. If temperatures rise above that target, the negative consequences – from an ecological, economic and social perspective – will be overwhelming.

Europe has taken up this challenge with a great deal of ambition, aspiring to be the first continent to become carbon neutral. To put the continent firmly on track towards that objective, agreements have been made within the Netherlands and within Europe to cut CO<sub>2</sub>e emissions roughly by half by 2030, relative to 1990 levels. This calls for an enormous effort from society as a whole. To make it happen, governments and businesses will have to pull out all the stops in the years ahead. Banks play an important role in that process. After all, over the next decades it is the banks that will have to provide the loans to facilitate the transition towards a carbon neutral society.



For BNG Bank, contributing to that energy transition is the natural thing to do. For more than a century, as the bank of and for the public domain, we have been providing our clients with the financial strength they need to help solve societal issues. So in 2019 BNG Bank wholeheartedly subscribed to the [Climate Commitment for the Financial Sector](#), which chimes in with the worldwide Paris Climate Agreement.

Even before that, in 2018, BNG Bank had already decided to exclude all forms of fossil fuel extraction from financing. It is conceivable that we will tighten our exclusion policy even further in future. We might do so, for instance, if clients' climate performance falls short of the effort required to achieve the CO<sub>2</sub>e reduction target.

2019 was also the first year in which we mapped out the CO<sub>2</sub>e emission levels of our credit portfolio. In that connection we

joined the [Platform for Carbon Accounting Financials](#) (PCAF). The PCAF develops methodologies to calculate CO<sub>2</sub>e emissions by financial institutions.



Figure 1: Scope 1, 2 and 3 emissions

## Emissions in scope

This Climate Plan represents BNG Bank's next step in its climate strategy. In addition to calculating emissions, our bank will formulate targets for the maximum levels of those emissions over time.

We distinguish between three categories of emissions:

- **Scope 1** emissions are a company's direct greenhouse gas emissions.
- **Scope 2** emissions are indirect emissions arising from purchased energy.
- **Scope 3** emissions are a direct consequence of a company's operations, but are beyond its direct control. For a bank, this includes emissions attributable to its credit portfolio.

BNG Bank has committed to the objective of bringing the emissions from its credit portfolio and those arising from its own operations (scope 1, 2 and 3) in line with the 1.5°C target of

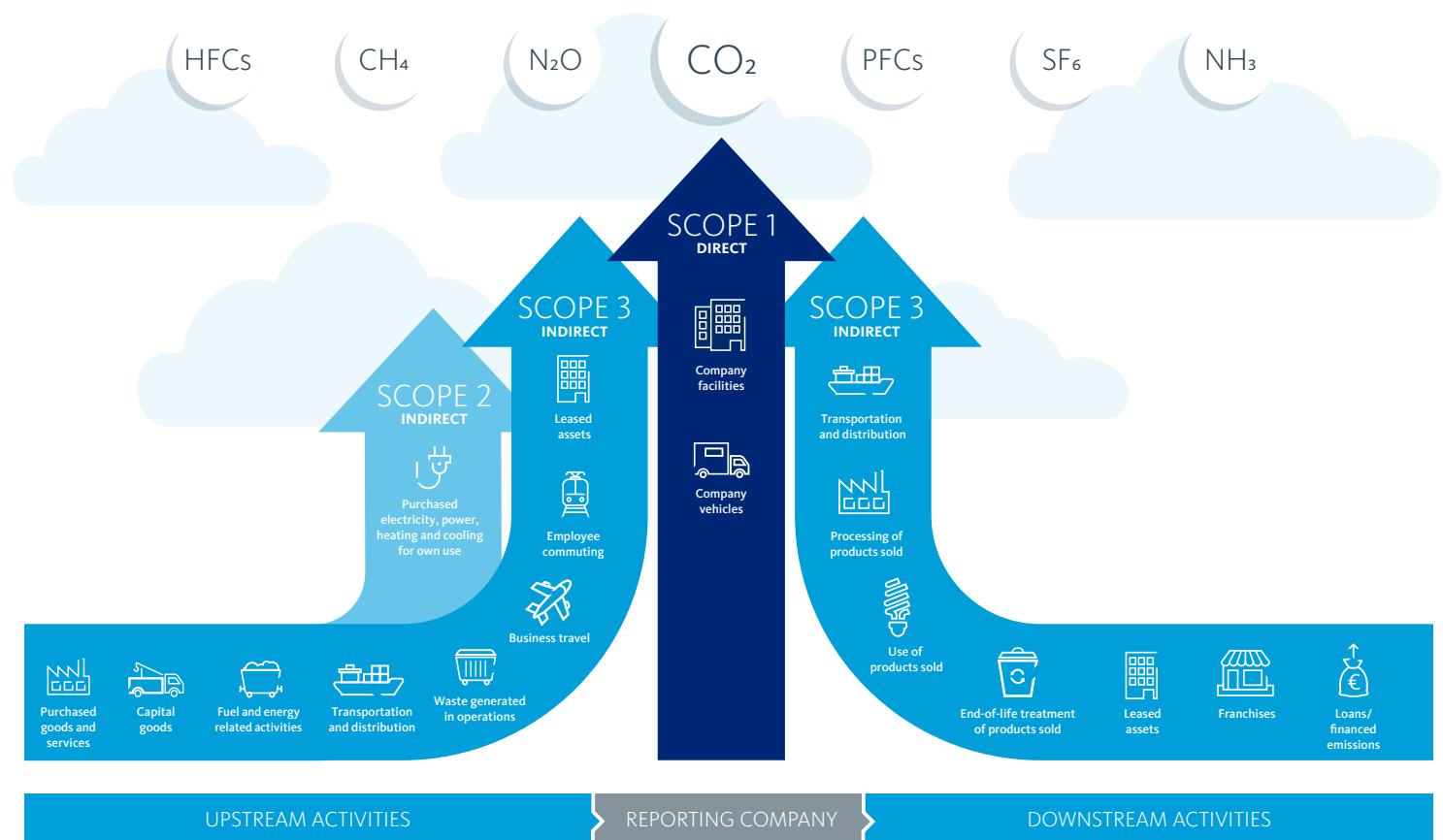


Figure based on the Greenhouse Gas Protocol

the Paris Climate Agreement. We want this to be assessed as objectively as possible. That is why we have our CO<sub>2</sub>e reduction targets tested against the most recent scientific insights in the field of climate change. The bank's central focus is on the scope 1 and 2 emissions of clients. Their scope 3 emissions cannot be mapped out

with the requisite level of detail to serve as a basis for CO<sub>2</sub>e emission reduction targets.

The present Climate Plan is a key benchmark in the relationship between our bank and our clients. Never before did a social task call for such a strong mutual commitment. Only by

joining forces and through intensive collaboration will we be able to successfully complete our progress towards a society in which human activity no longer increases global warming.



## Strategy

In 2020, BNG Bank's '[Our Road to Impact](#)' strategy expressed the bank's view of its own social position. This strategy proclaimed our full commitment, from then on, to supporting efforts to solve societal issues in the public domain. Social impact became the key purpose of all our operations as a bank.

We define 'impact' as our contribution to solving societal issues, translated into the UN's Sustainable Development Goals (SDGs). The 17 SDGs constitute a global compass to help control issues such as climate change and make the world a better and healthier place.

We have elected to focus on the SDGs that are the most relevant for our clients and that enable us to make a real difference. These are: Good health and well-being (SDG 3), Quality education (SDG 4), Affordable and clean energy (SDG 7), Sustainable cities and communities (SDG 11) and Climate action (SDG 13). This Climate Plan provides a detailed account of the steps that our organisation intends to make to achieve SDG 7 and SDG 13.

### Specific climate activities

BNG Bank helps clients take on their sustainability challenges through solar energy and wind energy projects (provided there is sufficient involvement from the public domain). In addition, by funding carbon capture technology in waste power plants and recycling plants we further contribute to reducing our clients' emissions. BNG Bank also makes an indirect contribution to the sustainability targets of the public domain.

While such financing initiatives will not contribute directly to reducing our clients' scope 1 and 2 emissions, they are absolutely essential for a successful energy transition. >>>

## Heat grids crucial for sustainable heat supply

Over the past two years, BNG Bank – in collaboration with InvestNL, several municipalities and the Association of Netherlands Municipalities (VNG) - has developed – has developed a vision of the market organisation for heat grids. Three whitepapers describe the steps the Netherlands could take to arrive at an energy mix based on a balanced combination of electrification and heat grids. This is necessary if we are to create a sustainable, technically and financially stable and affordable heat supply system for as many households and businesses as possible, in a way that is efficient for society as a whole. These efforts will also help to accelerate the construction of collective heat systems in the Netherlands.

Key elements that need to be in place to keep heating rates stable and affordable:

- public ownership of heat grids
- focus on a mix of sustainable sources
- cost-based heating rates
- a national weighting system
- appropriate financing tools

Based in part on discussions with project leaders in municipal heat transition initiatives and specialists of public heat grids, BNG Bank and VNG are jointly

developing heat transition models that are easy to apply in practice. For example, we are working on plans for a guarantee scheme for heat grids. Such a scheme would greatly reduce the financing risks for public heat businesses.

One key example is the financing of grid companies' efforts to make their power grids more sustainable and build public heat grids. The BNG Sustainability Fund provides funding for private sector projects and investments by sports clubs that contribute to local or provincial sustainability targets ([www.bngduurzaamheidsfonds.nl](http://www.bngduurzaamheidsfonds.nl)).

In addition, via the Municipal Greening Scheme the bank helps to make privately owned homes more sustainable. In this scheme, municipalities assist home owners in making their homes more sustainable ([www.gvr.nl](http://www.gvr.nl)). Also, together with municipalities the bank provides funding for energy cooperatives with the aim of accelerating the production and use of renewable energy.

Finally, BNG Bank regularly takes on its role in the public debate, for example to promote the strongest and most efficient market organisation for heat grids as possible, with a key role for the public sector. The aim is to accelerate sustainability efforts in the built environment.



## Only zero-emission buses from 2030

From 2030, only buses that produce zero CO<sub>2</sub>e emissions may be used for public transport in the Netherlands. This transition towards 100% zero-emission transport calls for substantial investments by companies in the public transport sector. To achieve this target, they have agreed to only buy new electric buses and hydrogen-fuelled buses from 2025. This means these companies have five years to phase out all fossil-fuelled buses from their fleets.

Apart from drastic fleet-related measures, hefty investments in charging infrastructure are required. The contracting authorities for public transport (provinces, Transport Authority Amsterdam, the Rotterdam-The Hague Metropolitan Region and the Ministry of Infrastructure and Water Management) have developed plans for that purpose. The government can choose to partly cover the risk of investments in

charging stations or co-invest in them. It is BNG Bank's ambition to assist the public transport sector in taking up this sustainability challenge. We are able to offer effective funding solutions both for the replacement of buses and for investments in charging infrastructure. These solutions will benefit all parties involved. In this way, we help the public transport sector achieve its climate targets.



## Governance & monitoring

From January 2023, BNG Bank will take the next – essential – step in creating impact: firmly embedding sustainability targets and climate action in our strategy and business processes. In this connection, BNG Bank has also adapted its governance structure and set up the Sustainable Banking Committee.

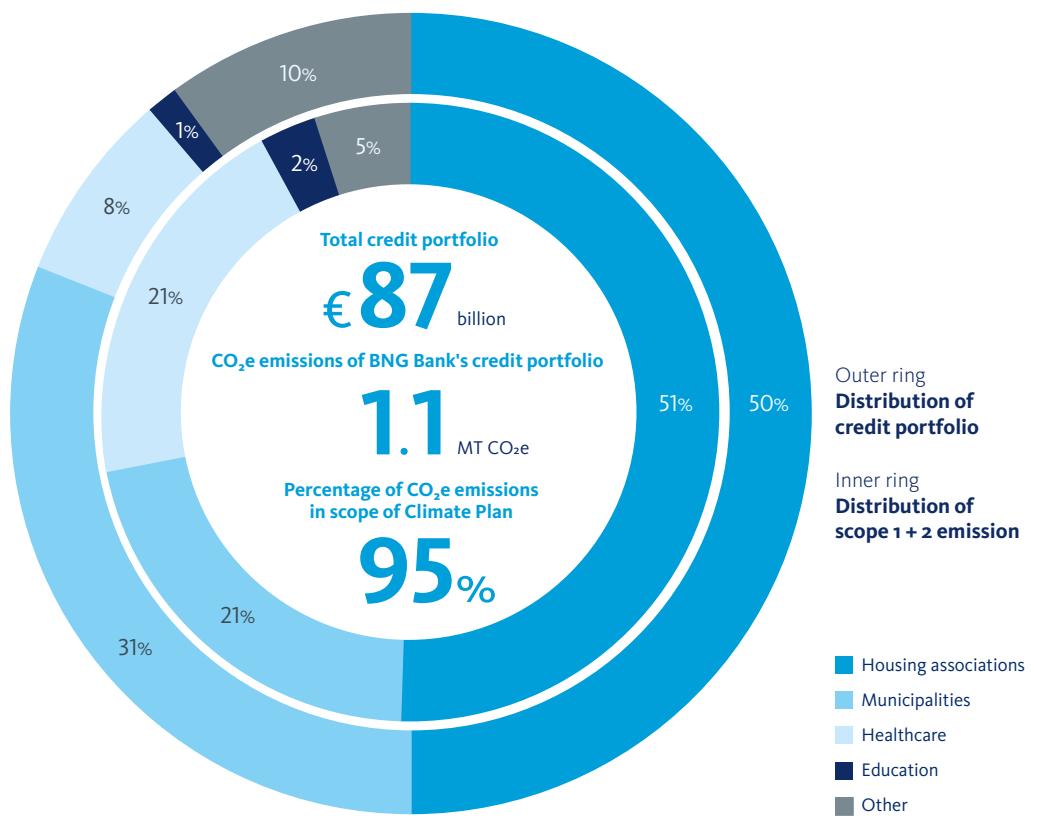
Chaired by our CEO, this committee covers all projects and actions by BNG Bank related to sustainability. The committee's objective is to ensure a comprehensive overview, in addition to managing all the activities arising from laws and regulations, commitments, supervisors' expectations and BNG Bank's own ambitions. One central point of focus for the committee is climate action, due to the numerous interfaces with other sustainability projects.

The committee will be supported by the Sustainability Task Force, a body that supervises the progress of efforts to achieve sustainability goals and realise maximum synergy. The Executive Committee receives regular progress reports about the realisation of the sustainability goals.

Figure 2: Governance at BNG Bank as at 1 January 2023



Figure 3: Distribution of emissions from the long-term credit portfolio



Source: 2022 PCAF Report

Emission figures for BNG Bank's credit portfolio from the PCAF Report, pending assurance.

## Scope of the Climate Plan

The Climate Plan is important in the context of our efforts to fulfil our social role with respect to the Climate Commitment for the Financial Sector, which was signed in 2019. Since then, BNG Bank has worked on mapping the various emissions associated with its credit portfolio. Our bank is now able to calculate financed emissions for 91% of the credit portfolio. Measuring financed emissions, moreover, is a field characterised by rapid developments. In collaboration with Het Pon & Telos, a research institute associated with Tilburg University, BNG Bank endeavours to further increase this percentage on an annual basis.

For the present Climate Plan, we decided to focus on emission reductions in the four biggest sectors of our bank's operations: housing associations, municipalities, health-care and education. By covering the emissions in these four sectors, we are able to include 95% of the total scope 1 and 2 emissions in our targets. We are currently concentrating on the direct and indirect emissions caused by the energy consumption of real estate.

Going forward, BNG Bank will further expand the scope of this Climate Plan. One important area of focus in this regard is the harmonisation of methodologies within the financial sector. Please consult our PCAF Report for more information about the calculation of financed emissions.

# 3 Method and starting points

## BNG Bank's approach

The emission intensity (the emission volume per euro of credit provided) of our credit portfolio has been falling for several years. This is not surprising, given that our clients are highly conscious of the climate problem and are taking more and more measures. The present Climate Plan was designed to continue this trend. It shows the extent to which sectors are on track to comply with the 1.5°C scenario.

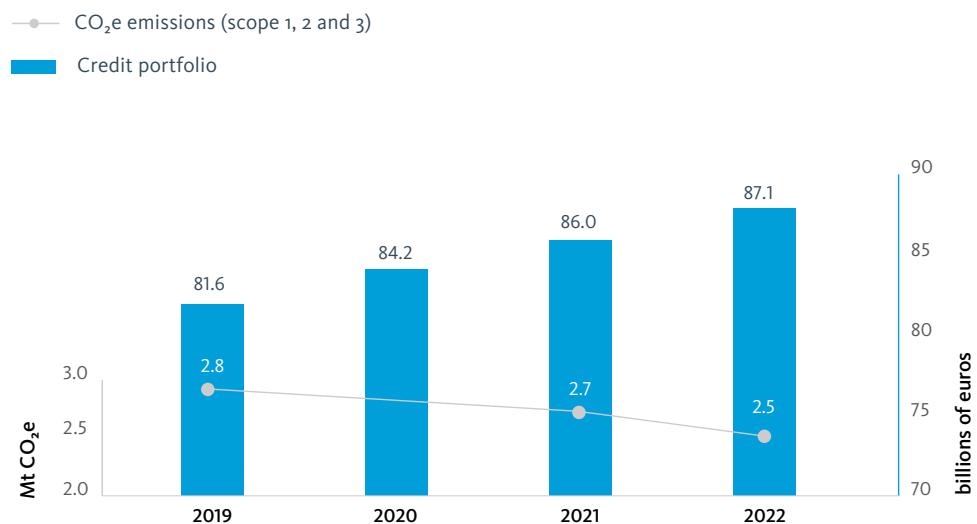
Using the PCAF method, BNG Bank has calculated the CO<sub>2</sub>e emissions of its clients and its own organisation (scope 1, scope 2 and where possible scope 3) since 2019<sup>2</sup>. Absolute CO<sub>2</sub>e emissions of our bank's credit portfolio have fallen from 2.8 megatonnes to 2.5 megatonnes since 2019, despite the €5.5 billion increase of the credit portfolio over that period.

The targets discussed in this plan below concern the scope 1 and 2 emissions related to real estate. We measure the progress in emission

reductions relative to 2019 as our reference year. Unlike the government, we have no emission figures for 1990 to use as a benchmark for the progress we have made. To all intents and purposes, BNG Bank's targets and the targets set in the National Climate Agreement are identical. The steady reduction of the CO<sub>2</sub>e emissions of our bank and our credit portfolio calls for an effective and transparent approach. This is why we have formulated clear targets both at the level of the bank and at the sectoral level. We will engage in dialogue with our clients and support them where we can in curbing their emission levels.

Climate change also involves financial risks for our clients. We take those risks into account in the bank's risk models. This enables us to set our rates with due regard for the climate risk profiles of our various clients. BNG Bank will continue to strive for the lowest possible rates for all clients.

**Figure 4: Credit portfolio versus CO<sub>2</sub>e emissions**



Source: 2022 PCAF Report  
Emission figures for BNG Bank's credit portfolio from the PCAF Report, pending assurance.

<sup>2</sup> Reporting year 2019: credit portfolio as at 31 Dec 2018 and CO<sub>2</sub>e data from 2018 or 2017 (depending on availability).



## SBTi

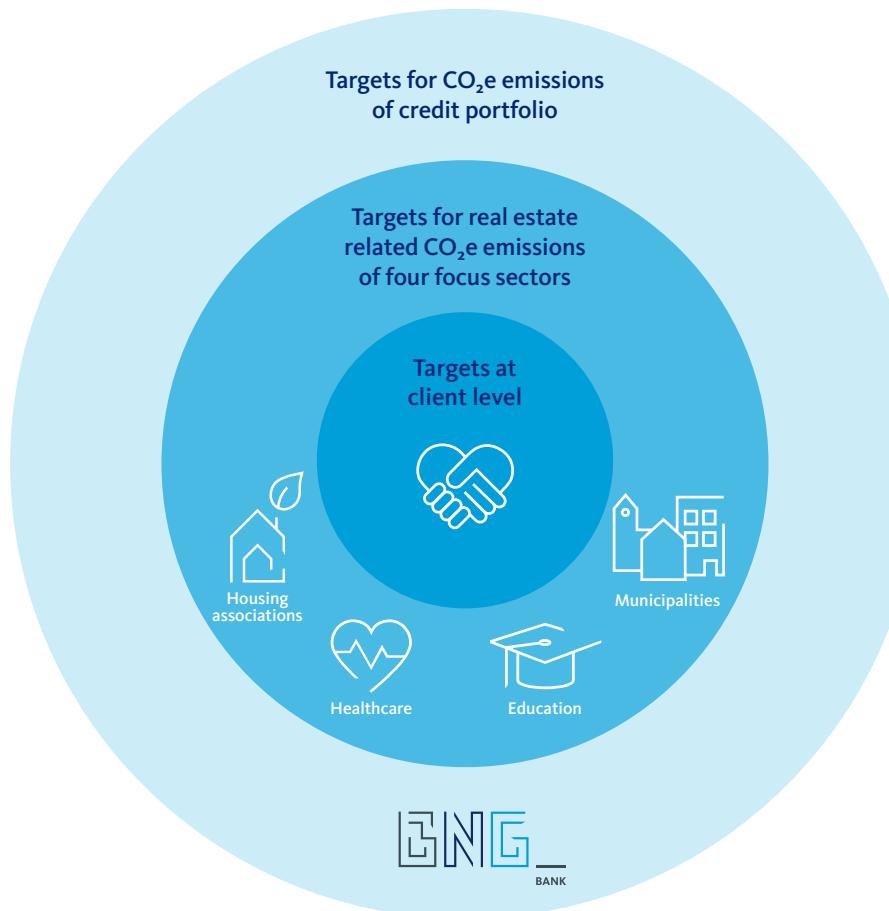
To stay in line with the Paris Climate Agreement, we use the [Science Based Targets initiative \(SBTi\)](#) guidance to determine the maximum CO<sub>2</sub>e emission levels of our clients for the years ahead.

Within the SBTi framework, the primary focus is on avoiding CO<sub>2</sub>e emissions. Emission compensation is only permitted as a last resort measure. By relating a sector's 'maximum' emission volume to base year 2019, we can calculate a decarbonisation (emission reduction) pathway for each of the sectors specified above.

The SBTi is about translating global climate targets into the actual emission reductions required to achieve those targets in a range of sectors, based on the latest scientific insights. Once the SBTi has verified and validated our targets, we will be able to justify and account for those targets to our clients, investors, shareholders and society at large.



Figure 5: Targets



## Priority sectors

In October 2022, the signatories to the Climate Commitment for the Financial Sector published [guidance](#) for financial institutions regarding the elements to be accounted for in a climate plan.

That guidance identifies a number of priority sectors which, considering their high relative emission intensity, require special attention in the climate plans. As regards those priority sectors, the elements that are relevant to BNG Bank not only include emissions associated with real estate, but also emissions from transport/mobility and power generation activities. These sectors only account for 1.5% to 2% of total emissions, but BNG Bank nevertheless wants to include them in the scope of the Climate Plan in the near future.

## CRREM decarbonisation pathways

In order to gain insight into the level of CO<sub>2</sub>e emissions required for a particular sector to remain within the limits of the Paris Agreement, BNG Bank uses the decarbonisation pathways developed by the [Carbon Risk Real Estate Monitor \(CRREM\)](#).

CRREM has decarbonisation pathways for EU countries (and the UK), for various types of real estate and for a 1.5°C scenario and a Beyond 2°C scenario. These pathways are expressed in CO<sub>2</sub>e and kWh per m<sup>2</sup> and are regularly updated. In this Climate Plan, we focus on the decarbonisation pathways that are consistent with the 1.5°C scenario, expressed in CO<sub>2</sub>e per m<sup>2</sup>. CRREM has also [joined forces](#) with the SBTi to arrive at a single standard for decarbonisation pathways in the real estate domain.

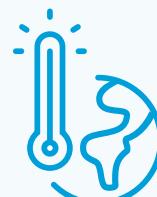
For each sector, the type of decarbonisation pathway most suitable for real estate in that sector has been determined. The details of these analyses are presented [below](#).

Figure 6: Method and starting points



### Climate Agreement

The Dutch Climate Agreement is an **agreement** based on the Climate and Energy Plan and describes the **reduction of CO<sub>2</sub>e emissions** required under the 1.5°C scenario.



The Dutch Climate Agreement is in line with the **Paris Climate Agreement** and requires entities to reduce their **CO<sub>2</sub>e emissions** by 55%\* by 2030 and 100% by 2050.

**Reduction targets:**  
55%\* by 2030 and net zero by 2050, in the 1.5°C scenario.

\*relative to 1990



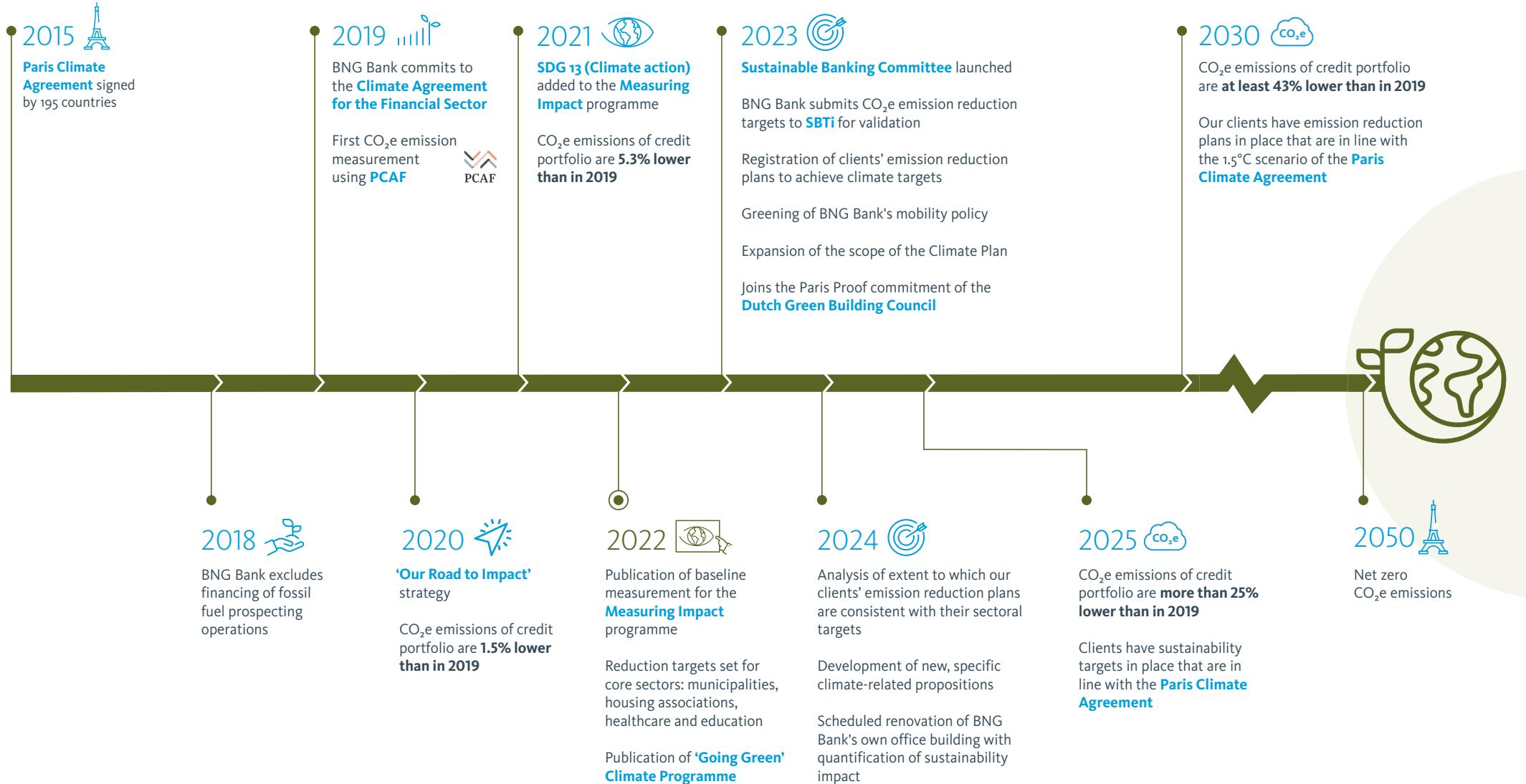
### Science Based Targets initiative (SBTi)

SBTi offers an **integrated approach** and develops **methods, targets, instruments** and **tools** specifically for the financial sector. **Targets** are **validated**.



SBTi is fully in line with the **Paris Climate Agreement**, based on the **decarbonisation pathway** required for the **1.5°C scenario**.

# 4 Targets



## Towards net zero in 2050

We pursue a two-pronged CO<sub>2</sub>e reduction strategy: we set targets for the emissions of our own organisation and for those related to our credit portfolio. For the latter type ('financed emissions') we have formulated a target at portfolio level. That target represents a decrease in CO<sub>2</sub>e emissions by at least 43% relative to 2019, by 2030. This is consistent with the target set in the Dutch Climate Agreement: a 55% decrease in CO<sub>2</sub>e emissions by 2030 relative to 1990.

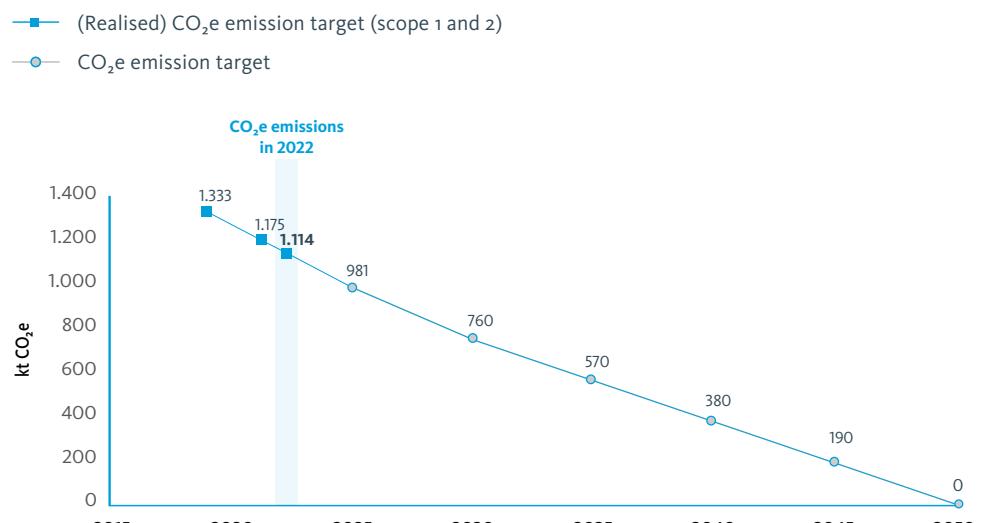
According to the Intergovernmental Panel on Climate Change (IPCC, [April 2022](#)), a reduction of this magnitude is necessary with a view to limiting global warming to 1.5°C, the target set in the Paris Climate Agreement. This means that the 43% reduction target at portfolio level will set the standard for the CO<sub>2</sub>e emission reduction levels to be achieved by the various sectors in the years ahead. For each sector we will describe the CO<sub>2</sub>e emission reduction

actions we expect our clients to take in order to keep in step with the 1.5°C scenario. In the end, all emissions from the bank and our clients will have to fall to net zero.

In order to test whether the emission goals in this Climate Plan are in line with the 1.5°C scenario, we will submit them to the independent SBTi for validation in early 2023.



**Figure 7: Absolute decarbonisation pathway of BNG Bank and its credit portfolio**



Source: 2022 PCAF Report  
Emission figures for BNG Bank's credit portfolio from the PCAF Report, pending assurance.

## Housing associations

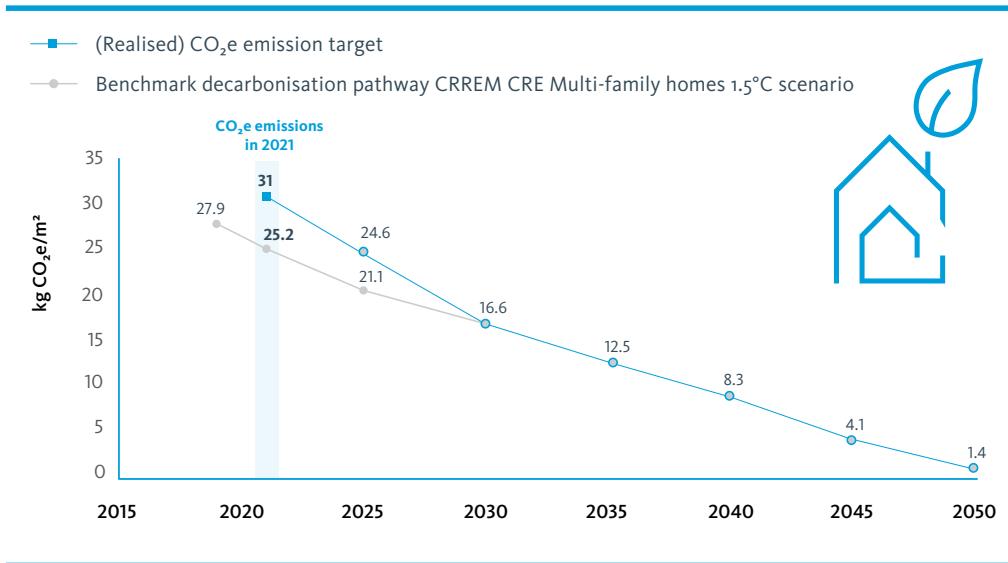
Housing associations account for half of BNG Bank's credit portfolio and half of scope 1 and 2 emissions. As the market leader, BNG Bank plays a crucial role in financing the housing association sector, which is facing a challenging task. There is an urgent need for new construction, but rents must remain affordable. The following agreements have been made with the national government (through umbrella organisation Aedes) on plans to make homes more sustainable:

- phasing out energy labels E, F and G by 2028;
- phasing out dependency on natural gas of 450,000 homes by 2030;
- providing 'future-proof' insulation for 675,000 homes by 2030.

Aedes has developed a road map to support housing associations in making their housing stock CO<sub>2</sub>e neutral by 2050. It is important to realise that Aedes has not yet translated those measures into national climate targets. One of the reasons for this is that for actual energy consumption, housing associations largely depend on the consumption behaviour of their tenants.

BNG Bank uses standard annual consumption figures for real estate<sup>3</sup>. These are largely based on actual consumption in the preceding year.

Figure 8: Decarbonisation pathway for housing associations (in kg CO<sub>2</sub>e/m<sup>2</sup>)



To determine our target for the housing association sector, we use CRREM's 1.5°C scenario for residential real estate (multi-family homes) in the Netherlands. The grey line shows the maximum annual emission level required to remain within the 1.5°C scenario. It is evident from this figure that current emissions are not yet in line with the Paris Climate Agreement. To get there, BNG Bank has set higher emission reduction targets for the period until 2030 (the blue line) and will follow the CRREM decarbonisation pathway from then on.

The method used to estimate the CO<sub>2</sub> emissions of our housing association portfolio is subject to change, and the CRREM scenario itself will also see regular updates.

<sup>3</sup> The standard annual consumption figures are provided by the grid managers and are based on actual consumption, adjusted for meteorological influences (among other things).

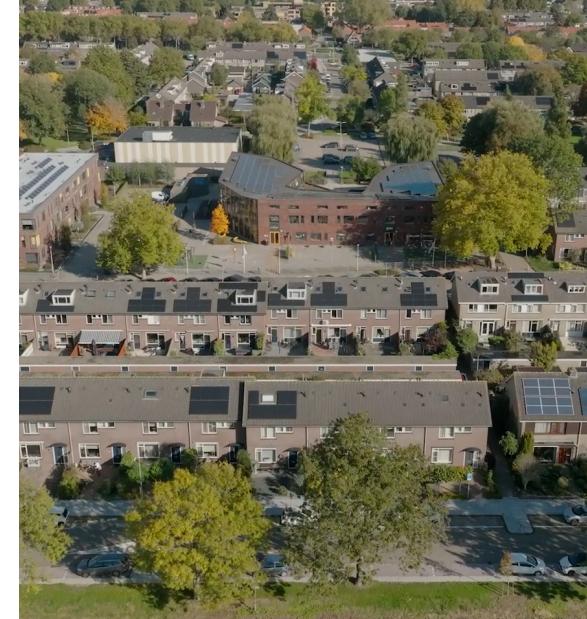


We have set ourselves the following targets for the housing association sector:

**2023:** Sustainability is a fixed theme in all regular client interviews with housing associations. BNG Bank will monitor whether individual clients have a climate road map or other type of climate target in place to make their housing stock more sustainable.

**2024:** We will start analysing the emission reduction plans (if available) of clients with credit facilities of 5 million euros or more. This will give us an overview of the extent to which those plans are in line with the National Performance Agreements on Sustainability. In addition, BNG Bank is developing client propositions focused on greening the social housing stock.

**2025:** If a client has not yet formulated sustainability targets at portfolio level that are in line with the Paris Climate Agreement, for every new real estate financing request of 5 million euros or more it will have to submit a plan to demonstrate that the envisaged investment is compatible with 1.5°C scenario.



## Wocozon - making housing association homes more sustainable

Financed by BNG Bank since 2015, Wocozon is a foundation that assists dozens of housing associations in greening their housing stock by fitting homes with solar power installations. By doing so, the foundation makes a significant contribution to reducing CO<sub>2</sub>e emissions and keeping energy costs affordable. Wocozon has already fitted 35,000 housing association homes with solar panels.

Read and view more information about Wocozon [here](#) ➤

### SDGs:

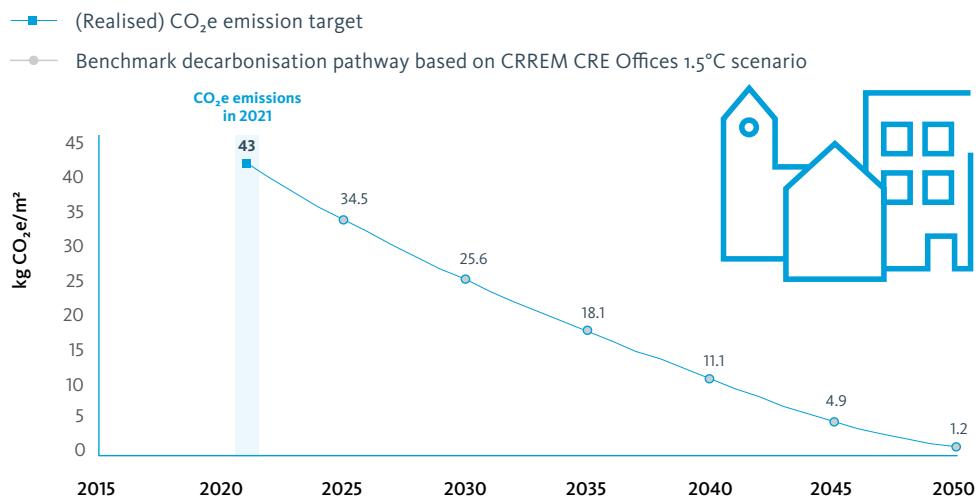


## Municipalities

The municipalities sector accounts for 31% of our credit portfolio and is responsible for 22% of total CO<sub>2</sub>e emissions. BNG Bank provides financing for all Dutch municipalities. As signatories to the Climate Agreement, the municipalities attach great importance to the targets for 2030 and 2050. Their role in the Regional Energy Strategies (RES) is to accelerate efforts to make the Netherlands more sustainable. However, we have noticed a lack of concrete plans, financial resources and determination in many fields. In addition, sustainability initiatives are often hampered by existing laws and regulations.

We also used the CRREM scenarios for the emission reduction target for municipal real estate. One handicap in this context is the absence of a perfect reference scenario that can serve as a benchmark for emissions from municipal real estate. This is due to the diversity of this real estate category, which ranges from museums and commercial properties to sports venues and studios. What we do know is that CO<sub>2</sub>e emissions per square metre can and must go down. We have decided to use the CRREM decarbonisation pathway for 'offices' as a reference scenario.

**Figure 9: Decarbonisation pathway for municipalities (in kg CO<sub>2</sub>e/m<sup>2</sup>)**



This pathway is very suitable as a basis for CO<sub>2</sub>e emission reductions in municipal real estate. The emission reduction target for the municipalities sector is based on the current emission intensity as a the reference value and follows the CRREM decarbonisation pathway for 'offices'.



BNG Bank will help municipalities first tackle issues close to home, such as greening initiatives for real estate and mobility and installing smart street lighting. Our bank aims to encourage municipalities to make concrete plans that will enable them to meet the Paris Climate Agreement. In our client interviews, therefore, we will discuss more topics than the greening of municipal real estate alone. In the knowledge that the scope of municipal emissions measurement is not yet complete and that a generally accepted decarbonisation pathway for municipalities is still lacking, BNG Bank has set itself the following objectives:

**2023:** Sustainability is a fixed theme in all regular client interviews with municipalities. BNG Bank wants to know what concrete plans municipalities have in place to implement the Dutch Climate Agreement. This could be a climate road map in the case of real estate (portfolios) or a different type of target for other emissions.

BNG Bank aims to ensure that by the end of the year, real estate that should have been made sustainable up to EPC label C or higher under the Environment Buildings Decree at least has a sustainability improvement plan in place. We will register this data.

**2024:** We will start analysing the emission reduction plans (if available) of municipalities with credit facilities of 5 million euros or more. This will give us an overview of the extent to which those plans are in line with the Dutch Climate Agreement. In addition, we will develop product propositions aimed to help municipalities become more sustainable.

**2025:** In 2025, municipalities will have formulated emission reduction targets in line with the Paris Climate Agreement.



## Smart lamp posts help make Renkum more sustainable

Renkum is the first municipality in the Netherlands to have smart, multifunctional street lights that can also charge electric cars. For municipalities, these innovative 'CityCharge street lights' are an interesting option to create more electric charging points without having to install separate charging posts cluttering up public spaces.

For more information about the City-Charge street lights in Renkum, go to [▶](#)

### SDGs:



## Healthcare

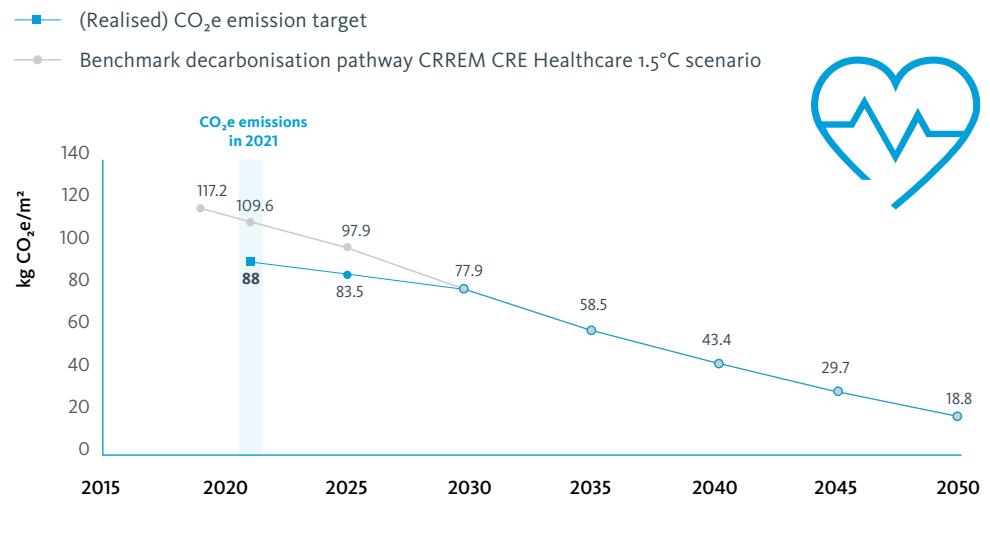
Credit facilities for healthcare providers such as hospitals and providers of nursing services, care services and care for the disabled amount to just over 8% of BNG Bank's total credit portfolio. Accounting for 20% of CO<sub>2</sub>e emissions, this is a relatively CO<sub>2</sub>e intensive sector.

The healthcare sector is currently in a difficult situation, due to the higher costs of energy, acute staff shortages and the lack of resources to fund sustainability measures.

One important development in the healthcare sector is the Green Deal 3.0, which includes a 55% reduction target for 2030 and a net-zero target for 2050. The Deal has now been signed by banks, sector associations and government parties. Another high-impact initiative is the development of climate road maps by healthcare institutions. These reflect the commitment of our clients in the healthcare sector to a concrete CO<sub>2</sub>e decarbonisation pathway.

There is a suitable 1.5°C CRREM scenario that has been developed specifically for real estate in the healthcare sector. We compare the CO<sub>2</sub>e emissions of our clients in this sector with this CRREM reference pathway. While it is obvious that emissions are already below the

**Figure 10: Decarbonisation pathway for the healthcare sector (in kg CO<sub>2</sub>e/m<sup>2</sup>)**



decarbonisation pathway, we also see that clients still aspire to reach the Paris Climate Agreement targets. Our target for this sector is the blue line, which starts at the current emission intensity level and will coincide with the CRREM decarbonisation pathway in 2030 and follow it from there.

**BNG Bank has set itself the following objectives:**

**2023:** Sustainability is a fixed theme in all regular client interviews with healthcare institutions. BNG Bank wants to know whether individual clients in healthcare have a climate road map or other type of climate target in place to make their buildings more sustainable. Our bank will register this data.

**2024:** We will analyse the extent to which the available emission reduction plans of clients with credit facilities of 5 million euros or more are in line with the Green Deal 3.0. In addition, BNG Bank is developing client propositions focused on making real estate in the healthcare sector more sustainable.

**2025:** If a client has not yet formulated sustainability targets at portfolio level that are in line with the Paris Climate Agreement, for every new real estate financing request of 5 million euros or more it will have to submit a plan to demonstrate that the envisaged investment is compatible with the 1.5°C scenario.



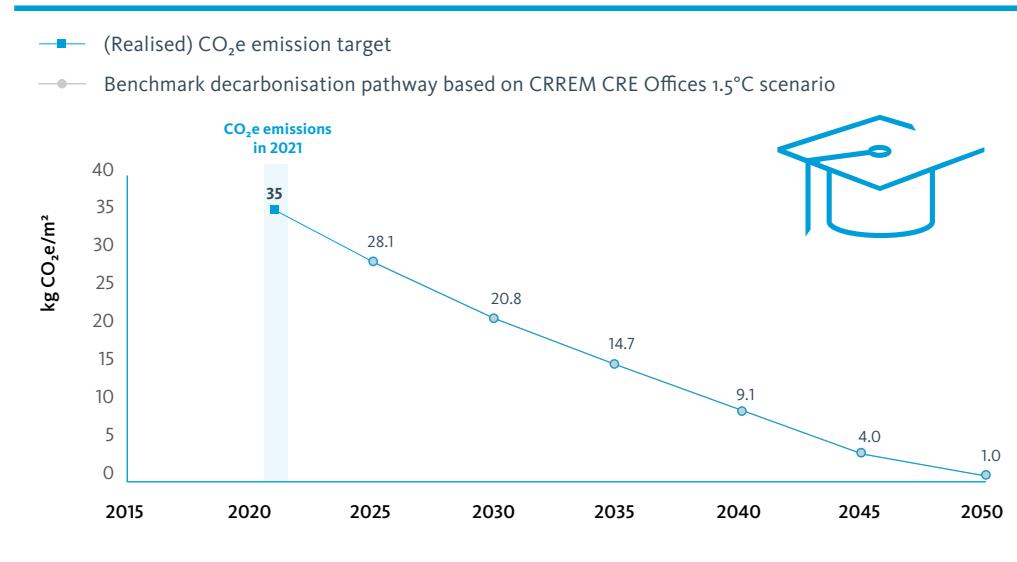
# Education

Our credit facilities for educational institutions account for just over 1% of our total credit portfolio and 2% of total CO<sub>2</sub>e emissions. This concerns funding for universities, higher professional and senior secondary vocational education, and primary and secondary education. Accommodation in the education sector offers significant potential for sustainability improvements. Sustainability performance is particularly poor in older buildings in this sector.

The sectoral road map of the Primary Education Council, the Secondary Education Council and the VNG (2020) shows that over the period until 2050, an additional 21 billion euros will be required to make all school buildings comply with the sustainability targets set out in the Climate Agreement. This cannot be achieved without financial support from the government.

Our bank is engaged in discussions with a range of stakeholders, including the Ministry of Education, Culture and Science, about the role we could play in speeding up work on the sustainability task for buildings in the education sector (with a focus on primary and secondary education). To start with, it is of the utmost importance to ensure progress is made in mapping current levels of energy consumption

**Figure 11: Decarbonisation pathway for the education sector (in kg CO<sub>2</sub>e/m<sup>2</sup>)**



of buildings in this sector, and identifying the energy efficiency requirements for renovation and new construction projects. The current energy crisis has made this all the more relevant and urgent.

As with other sectors, we looked at appropriate CRREM decarbonisation pathways for the education sector. However, no suitable pathway has been defined for educational institutions. What is clear however is that CO<sub>2</sub>e emissions per square metre can and must go down. As we did for municipalities,

therefore, we have decided to use the CRREM decarbonisation pathway for 'offices' as a reference scenario for CO<sub>2</sub>e emission reductions of real estate in the education sector. The emission reduction target is based on the current emission intensity as the reference value and follows the CRREM decarbonisation pathway for 'offices'.



**BNG Bank has set itself the following objectives:**

**2023:** Sustainability is a fixed theme in all regular client interviews with educational institutions. Our bank will monitor the extent to which clients have concrete plans in place for making school buildings and other real estate more sustainable, for example via an integrated accommodation plan<sup>4</sup> or a climate road map.

**2024:** We will analyse the extent to which the available emission reduction plans of clients with credit facilities of 5 million euros or more are in line with the sectoral sustainability targets. In addition, BNG Bank is developing client propositions focused on making real estate in the education sector more sustainable.

**2025:** If a client has not yet formulated sustainability targets at portfolio level that are in line with the Paris Climate Agreement, for every new real estate financing request of 5 million euros or more it will have to submit a plan to demonstrate that the envisaged investment is compatible with the 1.5°C scenario.

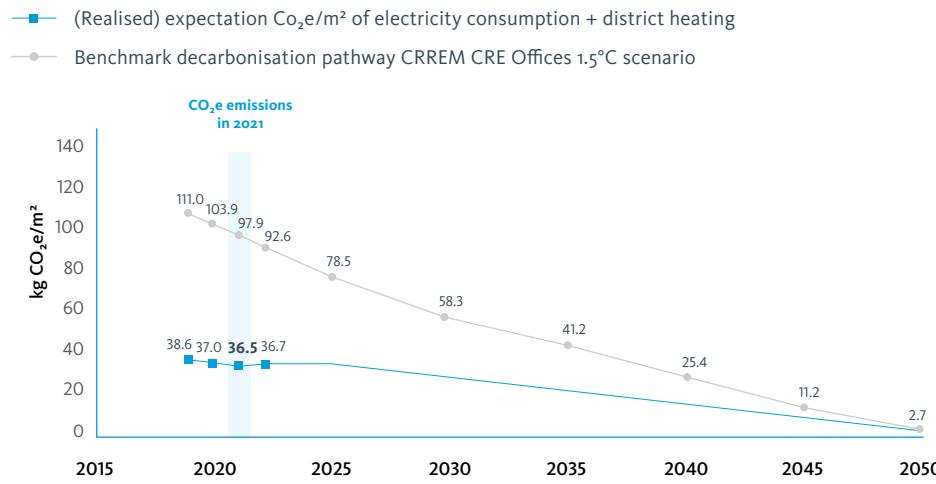
<sup>4</sup> In these plans, the schools and municipality jointly map out through time which schools will be renovated or newly built, clearly stating the responsibilities of each party.

# BNG Bank's CO<sub>2</sub>e footprint

Our bank has measured the CO<sub>2</sub>e emissions of our own operations in accordance with the [Greenhouse Gas Protocol](#) (GHG) since 2010. Compared with those of other banks, our emissions are not particularly high, due to the fact that BNG Bank has only a single base of operations: our head office in The Hague. In addition, over the years BNG Bank has taken a range of energy-saving measures, and we use solar panels to generate part of the power we need. Since 2019 (our reference year for the present Climate Plan), the CO<sub>2</sub>e emissions of our bank have already decreased by 52%. This is largely due to the sharp decrease in mobility-related emissions that resulted from temporary COVID-19 measures. On an annual basis, we compensate our gross CO<sub>2</sub>e footprint by saving 300 tonnes of carbon emissions in sustainable energy projects.

Mobility and our office building are the largest sources of the bank's CO<sub>2</sub>e emissions. Compared with the 1.5°C CRREM scenario for offices, the emission levels of our own real estate are well below the decarbonisation pathway. Even so, we are determined to reduce emissions generated by our own organisation even further. The large-scale renovation of our office building in 2024 will include a range of measures to make it even more sustainable.

Figure 12: CO<sub>2</sub>e emissions of BNG Bank's office building



As with our client sectors, we have also set ourselves reduction emission targets for the scope 1 and 2 emissions of our real estate in line with the CRREM decarbonisation pathway.

Our ambition is to also include our mobility-related emissions in this Climate Plan from next year. We should point out that we are already encouraging our employees in every possible way to travel by public transport and by bicycle. We facilitate this by offering 100% reimbursement of journeys made by public

transport, by joining the (tax-friendly) bicycle plan and by installing charging points for e-bikes in the parking garage. We are also encouraging lease car drivers to switch to electric vehicles. In addition, we maintain our international contacts by digital means wherever this is feasible, in order to minimise our air mileage. Even within the Netherlands, we only meet in person if a physical meeting offers clear added value compared with a video call.

## Suppliers

Our bank largely procures its supplies from Dutch suppliers who are subject to Dutch laws and regulations. We require those suppliers to meet specific sustainability performance standards, either via external certification (ISO 14001 or EMAS) or an assessment. For the text of our bank's procurement policy, go to [www.bnbgbank.nl](#). We are tightening this policy by requiring our partners to have sustainability targets in place and submit relevant data.



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# BNG Bank is Going Green



Never before has society faced a challenge as momentous as reducing CO<sub>2</sub>e emissions to net zero by 2050. In this Climate Plan we have given an outline of the actions BNG Bank intends to take over the coming years towards attaining the targets that have been set.

As a bank we have done our utmost to achieve an optimal starting position. We have made as realistic an estimate as possible of the first leg in this race against the clock that we want to run with our clients, without compromising on the formulated targets. We have collected a considerable amount of data and obtained useful insights. We have identified the sources that produce by far the majority of GHG emissions associated with our lending operations, but we do not know everything yet.

In the years ahead, we will make a major and concerted effort with our clients to reduce CO<sub>2</sub>e emissions. This effort will see a great deal of on-the-job learning, by us as a bank and by our clients, and the pressure will be considerable. By 2030, all CO<sub>2</sub>e emissions that fall within the scope of this Climate Plan

must be 43% lower than in 2019. We will update the Climate Plan every year and publish annual progress reports. Every year, therefore, this plan will become clearer and better thanks to the incorporation of new insights and technologies, better methodologies and more accurate data. And every year we will continue to learn, until we have reduced CO<sub>2</sub>e emissions to net zero, by 2050 at the latest.

