

**IMPACT REPORT BNG Sustainability
Bonds for Dutch Municipalities**

Summary report

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> ABOUT THIS REPORT

BNG Bank, the market leader in financing the Dutch municipalities, started issuing sustainability bonds in 2014. Since 2021 it does so under the BNG Bank [Sustainable Finance Framework](#) accompanied by an annual study on the performance of Dutch municipalities on the Use of Proceeds Categories, aligned with the [ICMA GBP](#) and [SBP](#). This third performance report under the framework provides an overview of Dutch municipal SDG-spending and analyses how municipalities performed on the Use Of Proceeds Categories in 2023.

> GET IN TOUCH

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> MORE INFORMATION

More in depth information can be read in the full report .

HIGHLIGHTS

The Sustainable Finance Framework follows the four key pillars of the [ICMA Green Bond Principles \(GBP\)](#) and [Social Bond Principles \(SBP\)](#), and of the LMA Green Loan Principles (GLP): Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds, and Reporting. Given the different principles, the framework is divided into two sub-frameworks, each one focuses on a different client group in terms of use of proceeds:

- Sub-framework I for loans to Dutch municipalities
- Sub-framework II for loans to Dutch social housing associations

Each transaction initiated by BNG Bank will include eligible proceeds from only one sub-framework to avoid mixed use of proceeds in one financial instrument. This impact report presents the impact of sub-framework I for loans to Dutch municipalities.

Sustainability bonds issued for Dutch municipalities

2021	Coupon (%)	Maturity Date	ISIN
EUR 2 bn	0.125	04/19/33	XS2332592760
2022	Coupon (%)	Maturity Date	ISIN
EUR 2 bn	0.25	01/12/32	XS2430965538
EUR 180 mn	0.125	04/19/33	XS2332592760
2023	Coupon (%)	Maturity Date	ISIN
EUR 250 mn	3.425	12/18/40	XS2631415556
EUR 100 mn	3.486	09/21/43	XS2692184794

Financed
municipalities
in 2023



63

Number of loans financed
to municipalities under the
framework in 2023

€ 350 mn

Total amount of Sustainability Bonds
issued in 2023

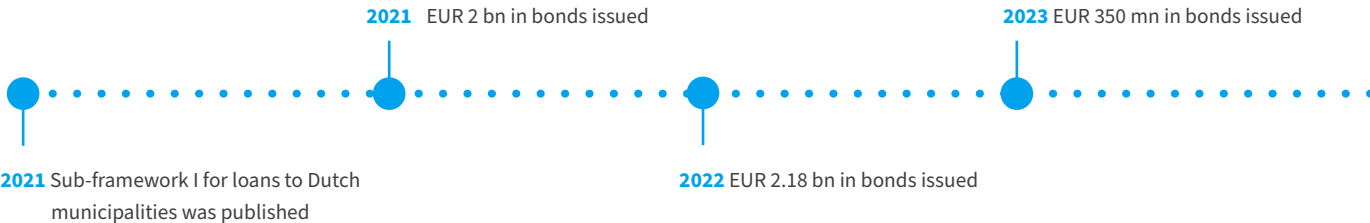
537

Total number of loans to municipalities
through the framework since 2021


















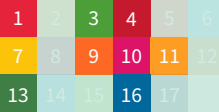
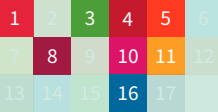
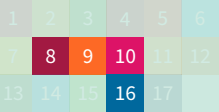
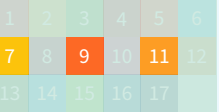
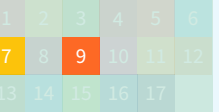
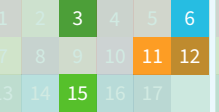
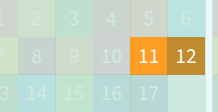
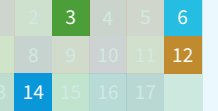
€ 4.53 bn

Total amount of Sustainability
Bonds issued since the start of the
framework in 2021

TIMELINE



OVERVIEW

	 ACCESS TO ESSENTIAL SERVICES	 SOCIOECONOMIC ADVANCEMENT	 EMPLOYMENT GENERATION	 AFFORDABLE BASIC INFRASTRUCTURE	 GREEN BUILDINGS	 LIVING NATURAL RESOURCES AND LAND USE PRODUCTS	 POLLUTION PREVENTION AND CONTROL	 SUSTAINABLE WATER AND WASTE WATER MANAGEMENT
ELIGIBLE COFOG TASKS	1.1 Crisis management and fire brigade 1.2 Public order and safety 4.1 Public primary education 4.2 Educational housing 4.3 Education policy and student affairs 5.2 Sports accommodations 5.4 Museums 5.5 Cultural heritage 6.72 Customized services 18- 7.1 Public health 8.1 Spatial planning	0.2 Civil affairs 6.1 Cooperation and citizen participation 6.2 Neighbourhood teams 6.3 Income plans 6.6 Customized facilities (WMO) 6.71 Customized services 18+ 6.81 Escalated care 18+ 6.82 Escalated care 18-	3.1 Economic development 3.3 Business counter and business schemes 3.4 Economic promotion 6.4 Guided participation 6.5 Labour participation	2.5 Public transport	0.3 Management of other buildings and grounds 3.2 Physical business infrastructure 8.3 Living and building	5.7 Public green areas and (outdoor) recreation 7.4 Environmental management	7.3 Waste	7.2 Sewerage
SUSTAINABILITY PERFORMANCE ON A SCALE OF 0-100, AND THE TREND OVER THE LAST 5 YEARS	48.0 	50.4 	57.1 	46.3 	25.2 	40.4 	47.2 	32.1 
ALIGNMENT WITH 								
COMPOSITION OF THE ELIGIBLE ACTIVITIES IN BN	€ 14.5 bn	€ 23.0 bn	€ 4.3 bn	€ 0.2 bn	€ 3.0 bn	€ 3.3 bn	€ 2.3 bn	€ 1.6 bn
COMPOSITION OF THE ELIGIBLE ACTIVITIES IN %	18.8%	29.7%	5.6%	0.25%	3.9%	4.3%	3.0%	2.1%

INCREASING IMPACT IN THE DUTCH PUBLIC SECTOR



Driven by the core values of sustainability, reliability, and professionalism, BNG Bank has set ambitious targets in its Road to Impact strategy, to increase the impact in the Dutch public sector. The UN Sustainable Development Goals (SDGs) are used as the point of reference in measuring this social impact. Our Climate Plan 'Going Green' outlines how we plan to reduce emissions from the credit portfolio and those arising from our own operations in line with the 1.5°C target of the Paris Climate Agreement in the coming years.

There is no doubt that we together face major societal challenges. In order to cope with them, everyone's contribution in society is needed. In this, specific efforts of municipalities are essential, as the topics of the global agenda for sustainable development have a local and an international dimension. All 17 SDGs contain subgoals that directly or indirectly touch upon the daily work of Dutch municipalities. Examples include the reduction of inequality, social integration, a pleasant and safe environment, sustainable production and consumption, and qualitative and participatory governance. I am proud that BNG Bank is enabling Dutch municipalities to achieve their sustainable and social objectives. We do this by not only providing funding at attractive terms and conditions but also by truly being a partner. This is reflected in the case studies of collaborations with municipalities in this report.

BNG Bank, as the market leader in financing the Dutch municipalities, started issuing sustainability bonds in 2014 and under her current Sustainable Finance Framework since 2021. We report the impact on the 17 SDGs and the proceeds categories from the ICMA GBP and SBP. Since 2014, BNG Bank has issued more than EUR 29 bn of ESG bonds in total across various currencies. A part of this is done by issuing the sustainability bonds throughout the years to support municipalities in their path to a more sustainable Dutch society. In 2023 BNG issued two new sustainability bonds with a total value of € 0.35 billion.

I am pleased to present the activities financed by our sustainability bonds and their expected impact.

Olivier Labe
Acting CEO and CFO BNG Bank

“There is no doubt that we together face major societal challenges. In order to cope with them, everyone's contribution in society is needed.”

ABOUT BNG BANK AND HET PON & TELOS

BNG Bank (“BNG”) is a Dutch promotional bank that has traditionally been the bank for the public domain and the public interest in the Netherlands. The bank is owned by the Dutch central government (50%) and local and regional governments (50%) in the Netherlands and it has provided financing to the public sector since 1914, at competitive terms and conditions. Its clients are Dutch local authorities and institutions that are active in the social housing, healthcare, education, energy, and infrastructure sectors. BNG is a promotional lender with the majority of loans provided by the bank (more than 90%) granted to, or guaranteed by, government bodies. The bank has been awarded the highest credit rating by all three major credit rating agencies (Moody’s: Aaa | Fitch Ratings: AAA | S&P Global: AAA).

BNG’s mission statement is ‘Driven by social impact’. This is leading for all BNG’s activities. Instead of maximizing profits, the bank’s priority is to maximize the social impact of its activities. Part of the ‘Road to Impact’ strategy is to demonstrably empower clients to make an impact by financing sustainable projects and activities. In measuring social impact, the UN Sustainable Development Goals (SDGs) are used as the point of reference. BNG will continue to build on the demonstrability of its impact in 2024. BNG has also launched its Climate Plan ‘Going Green’, which outlines how the bank plans to reduce emissions from the credit portfolio and those arising from its own operations in line with the 1.5°C target of the Paris Climate Agreement in the coming years. Every year the bank measures and reports on the progress (see <https://www.bngbank.com/Sustainability/Climate-action>).

BNG is convinced that conscious choices will enable it to achieve its ambitions: to be the promotional lender that delivers social impact and that is considered by clients and other stakeholders as their go-to partner for addressing the social challenges they face. BNG has a long-term loan portfolio that has grown steadily over recent years, to amount to a total of EUR 89 billion per year-end 2023. With its excellent credit ratings, BNG Bank has been a well-known issuer in the international capital markets for a long time. Increasing awareness and engagement in the field of ESG has led the global financial sector to develop ESG-labelled bond frameworks. In this light, BNG Bank has been an active issuer of ESG bonds (formerly known as SRI bonds) since 2014.



Improving social decision-making

Het PON & Telos is a renowned research institute based in the Netherlands. It was formed through the merger of two well-established research organizations, Het PON & Telos, in 2020. The institute specializes in conducting interdisciplinary research and providing expertise in various domains, including social issues, sustainable development and regional development.

Het PON & Telos aims to generate knowledge and insights that contribute to a better understanding of society and support evidence-based decision-making. It collaborates with government organizations, non-profit organizations, banks, and academic institutions to address complex challenges and promote sustainable and inclusive development.

Sustainable development is one of the key areas of expertise for Het PON & Telos. It undertakes research and consultancy projects related to sustainable development, environmental impact, energy transition, circular economy, and social responsibility. By combining its expertise in sustainable development with social and economic factors, the institute helps organizations navigate the complexities of sustainable development and make informed decisions that balance environmental, social, and economic stakes.



MUNICIPALITIES IN DUTCH SOCIETY

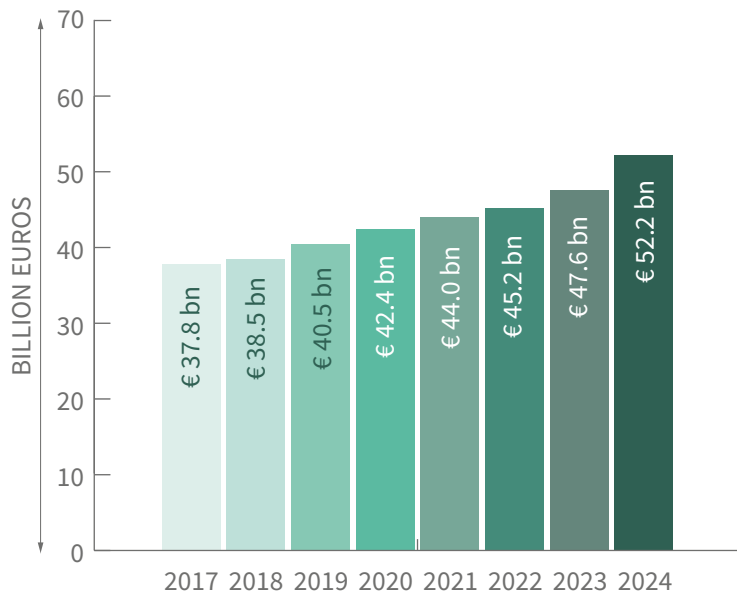


As of January 2023, the Netherlands has 342 municipalities. These municipalities vary in size, population, landscape, and history, and operate relatively close to the day-to-day lives of Dutch inhabitants. The municipal board decides on public greenery, social housing, various forms of healthcare, the construction of public buildings, and infrastructure. In addition to the implementation of their own policies, municipalities are responsible for implementing national policies, as well as for enforcing public order and safety, maintaining social services and employment opportunities, and promoting economic prosperity and good healthcare.

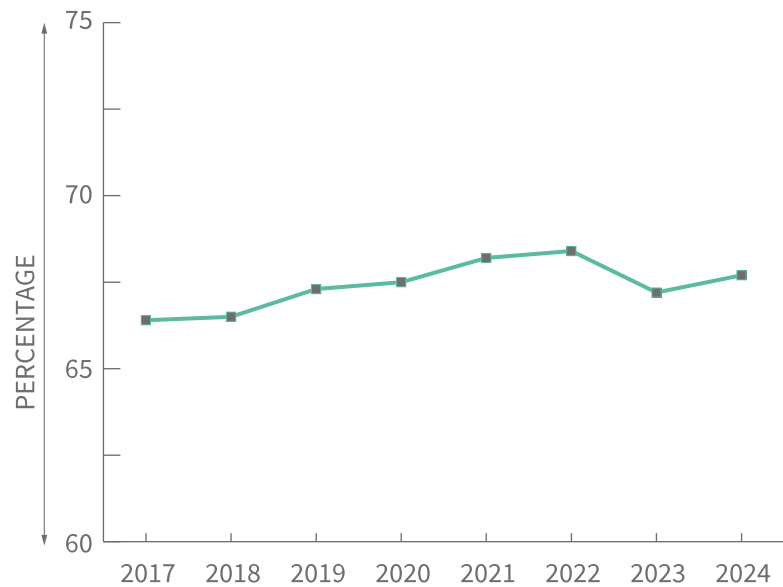
Contemporary challenges for Dutch municipalities today include the transition towards sustainable energy, coupled with rising energy prices due to the geopolitical tensions. Moreover, there is an asylum crisis – also as a result of ongoing geopolitical tensions – both in and outside Europe. Furthermore, there is a shortage of affordable housing, resulting in a housing market that is increasingly geared towards the higher social classes, widening the already considerable gap between the ‘haves’ and ‘have-nots’. On top of that, the Netherlands faces very dry summers and wet winters, leading to heat and drought-related issues like heat stress. The Netherlands is increasingly facing an ageing population. This increases the pressure and demand for municipal support. Combined with the large amount of money spent on social welfare by the municipalities, the pressure on the system is increasing. The societal debate on these challenges is aggravated by an increasingly polarized and hardening society. In other words, there is no shortage of challenges for local Dutch public government.

SDG RELATED MUNICIPAL SPENDING

In the overview on page 4, the municipal functions identified by the OECD Classification of Functions of Government (COFOG) have (when possible) been linked to the 17 SDGs. The graphs below provide an overview of SDG-related municipal spending in percentage terms and in billions of euros. The figure on the left-hand side shows an increase in municipality spending related to the SDGs over the years. In 2024, the related municipality spending is 7bn higher than in 2023. In absolute terms, this is a 9.8% increase in SDG-related spending. The figure on the right-hand side shows the share of SDG-related municipal spending compared to the total municipality budget. This share of SDG-related spending is higher than last year (67.7% vs. 67.2%), indicating that municipalities are spending relatively more of their budget on SDG-related tasks. However, the total budget of municipalities has also increased rapidly. The majority of the SDG related budget is allocated to the Use of Proceeds categories ‘Access to basic services’ and ‘Socio-economic advancement’. This distribution of the budget reflects the core responsibilities of municipalities.



SDG related municipal spending of the total budget in euros



SDG related municipal spending in percentage of the total budget

CASE STUDY › AMBLA

Always being able to live on Ameland, even if you need care 24 hours a day: this will continue to be possible on the island in the coming decades, as the municipality has invested in a new residential care complex named Ambla. The investment was made possible in part by advantageous funding from BNG Bank. BNG Bank is helping the municipality to make a social and sustainable impact.

‘There is already a care home on Ameland,’ says Piet IJnsen, alderman on the island. ‘However, this has been in use since 1964 and is now in need of replacement. Moreover, the building no longer meets our current sustainability and fire safety

requirements.’ In short: the municipality needed a new building. Developing one was anything but straightforward, however. ‘Ameland has few inhabitants and an isolated location,’ says Piet. ‘As a result, new buildings are often more expensive here than on the mainland.’

Impact as reason for being

Peter Neeskens, Relationship Manager for Government & Education at BNG Bank, helped the municipality to find the right funding for this project. ‘Of course, as a person in need of help, you don’t want to have to be forced ashore to get the care you need. The fact that the municipality will soon be able to prevent this with Ambla

‘With Ambla, a lifetime on Ameland is within reach’

is partly due to the favourable funding conditions that we’re able to offer. BNG Bank is THE bank of the public sector. Helping social services like municipalities make an impact is part of our reason for being and one of our objectives.’

The project gained momentum at the end of 2022, when the municipal council approved the required investment of 24 million euros. Piet: ‘The bulk of the amount comes from BNG Bank. Before we concluded the deal, we meticulously went through all the conditions. At that stage, you discuss questions such as: Are we going for project or basic funding? What interest rates do we apply? What are the risks, opportunities and impossibilities? There are many boxes to be ticked.’

Keeping knowledge up to date

The smooth cooperation is largely due to the fact that the municipality of Ameland has been a BNG Bank client for many years. ‘They finance many of our projects,’ explains Piet. ‘The most recent one was the construction of 40 rental homes on our island.’ According to Peter, the fact that clients remain loyal to BNG Bank for a long time is due to more than just the good conditions: ‘If a client has a question, we can almost always be reached directly and personally. Whatever the question, we want to be able to provide an answer. That’s why we put a lot of energy into keeping our knowledge up to date.’

Soon, when construction is completed, 44 homes will be available. There will also be four primary care studios, designed for people who are temporarily unable to live at home. ‘If you need help, you rent one of those and draw up a care plan together with the care institution,’ says Piet. ‘That way, you’ll get exactly the care you need. In terms of energy management, the building will also be future-proof. It’s energy-neutral, thanks to solar panels, heat pumps and the use of grey water: collected rainwater with which you can flush toilets.’

The first residents will move into the new residential care complex in November. Piet: ‘We’ve invested a lot of time in this project, so the opening is definitely a reason to celebrate.’ For Peter, the project has also been a success. ‘BNG Bank is happy to help municipalities make as much social impact as possible. The fact that they choose us as a partner to make this possible makes us a happy bank.’





CASE STUDY > EIJKHAGEN COLLEGE

Eijkhagen College has been a household name in Landgraaf for decades. Many local residents were educated in the well-known building in the heart of the town, next to the Eikenbos. So when it turned out that a new school building was needed, the municipality opted for a high-quality replacement. In doing so, they relied on the extensive professional knowledge of BNG Bank.

The news that renovating the school building was not an option due to sustainability requirements was a bitter pill for the municipality of Landgraaf to swallow. Christian Wilbach, alderman at the municipality: ‘Constructing a new building doesn’t just take a big chunk out of our budget, it also brings uncertainty. After all, the combined school of which Eijkhagen College is part could have chosen another location. For our part, we obviously wanted to keep the school located centrally for the benefit of our residents.’

Future-proof education

‘All the more reason to choose a high-quality and future-proof building,’ says Jean van den Hoff, Senior Financial Management Officer at the municipality of Landgraaf. ‘For example, the new building is completely energy-neutral, thanks to solar panels, heat pumps and insulation. In addition, it’s designed with contemporary views on education in mind. This is expressed, for instance, in learning zones: open spaces where students can study flexibly or work together. Moreover, the new building is both lighter and greener, and the air quality is excellent.’

With a price tag of some 30 million euros, the project was an exceptional expense for Landgraaf. BNG Bank was one of the candidates to provide suitable funding. The initial contact was made through John Kuijten, Senior Relationship Manager for Government & Education at BNG Bank. ‘I showed Christian and Jean similar cases from other municipalities,’ he explains. ‘Points for attention derived from practical experience offered a first starting point, but later on they explored the issue in depth with our colleagues in the dealing room.’

‘BNG Bank knows exactly which laws and regulations are relevant to your plans’

Committed and fast

When looking for sizeable long-term funding, you’ll also be looking for the best possible conditions. To achieve this aim, it helps enormously if the lender is committed and offers a high-quality service. Jean: ‘You’re faced with all sorts of choices, like: do we borrow the 30 million in one go or is it better to borrow 10 million three times? As you discuss and explore the issue with BNG Bank, you increasingly come to an idea of what the best solution is.’

Timing is a recurring theme in this sense. You don’t need the 30 million for the initial soil surveys, but once you’re faced with large expenses, you want to set the interest rate for the loan at a favourable time. Christian: ‘Are you too early or too late? You’ll have to deal with the consequences of your decision throughout the entire period to maturity. In addition, as a municipality we must of course also comply with all kinds of laws and regulations. BNG Bank has the knowledge and expertise to think along with you and to respond quickly once you know what you want.’

Always available

John, the relationship manager, explains why BNG Bank is able to offer both good conditions and excellent service. ‘We have a great deal of experience with funding such as this. We’re the principal bank of 95% of Dutch municipalities and take care of some 60% of their financial requirements. As a result, we’re able to optimise our processes continuously and respond quickly and flexibly. The fact that we’re relatively small helps. Our lines of communication are short: we’re always available for a call to discuss something. And because we don’t pursue profit maximisation, we offer competitive lending rates.’

The construction of the new building has already started. In the meantime, classes at Eijkhagen College continue as usual. This is possible because the new building will be located on the playing fields right next to the old one. This saves rental costs for temporary teaching spaces as well as moving costs. ‘It’s also very useful,’ Jean jokes, ‘because if we need a new building in 50 years’ time, we can simply return to the old one. As a former pupil at Eijkhagen College, I like the sound of that idea.’



FACTS AND FIGURES > USE OF PROCEEDS CATEGORIES

ACCESS TO ESSENTIAL SERVICES



Access to basic services is divided into three categories in the ICMA principles: health, education, and financial services.

Health. Municipalities are responsible for the public health of its inhabitants. Usually municipalities delegate most of this task to the Gemeentelijke Gezondheidsdiensten (GGD, the Municipal Health Services). Life expectancy in the Netherlands continues to rise. Average life expectancy is 81.8 years, but on average women live three years longer than men. In spite of this, both men and women live about the same length of time in good health. The increase in life expectancy is mainly due to a decrease in mortality from cardiovascular disease. Furthermore, over 97 percent of the population has access to a general practitioner.

Education. Through the provision of primary education, educational housing and educational policy, municipalities play an important role in promoting education. The proportion of the labour force without tertiary education is gradually decreasing. The current level of 26.3 percent is mostly dominated by the older population. There are more than 7,300 educational institutions in the Netherlands. Over the past ten years, the number of unemployed young people has gradually decreased from a starting point of 13% to 8.2% and the school drop-out rate has increased from 1.7% in 2015 to 2.4%. This is mainly due to the economic boom.

Financial services. The financial situation of Dutch households has developed positively. The average household savings increased from €18,400 to €20,100 last year. Moreover, the Gini coefficient (a measure of income inequality, between 0 and 1, where 0 means equal) is 0.285, compared to 0.292 last year. The increase in income equality is mainly due to the positive economic situation, with the number of benefit recipients continuing to fall.

FACTS

- Municipality expenditure: 14.5 bn
- Total UoP performance: 48.0
- Life expectancy in years: 81.6 in 2022 and 81.8 in 2023
- Number of residents benefitting from healthcare: 97.1% in 2022
- Youth unemployment rate: 7.6% in 2022 and 8.2% in 2023
- School dropout rate: 2.4% in 2022 and 2.4% in 2023
- Number of education facilities and/or initiatives (primary, secondary, and tertiary): 7,369 in 2021/2022 and 7,337 in 2022/2023
- Percentage of population aged 15-75 who have completed their tertiary education: 73.7%
- Reduced income inequality/Gini coefficient: from 0.292 in 2021 and 0.285 in 2022
- Savings: €18,400 in 2021 and €20,100 in 2022

SDG RELATED



SOCIOECONOMIC ADVANCEMENT



Socioeconomic advancement is divided into three categories: women's empowerment, social inclusion of the disadvantaged, and access to technology.

Women's empowerment. Women have become slightly more likely to feel unsafe in recent years. In 2021, 42% of women felt generally unsafe at times, compared to 44% in 2023. This is probably due to 'renewed' social life since the Covid-19 pandemic, but also to the increased focus on violence against women as a result of the #MeToo movement.

Social inclusion of the disadvantaged. In terms of social inclusion, one municipal task is to provide income and welfare support to vulnerable residents. The number of people receiving social assistance has, in absolute terms, fallen from 406,000 to 397,000 last year. The number of poor households has fallen slightly by 0.1%. GDP per inhabitant has increased by €5,000 and the median yearly disposable income of residents has also increased by €2,000. This is mainly due to the many wage negotiations as a result of rising inflation. However, due to high inflation, more and more families are struggling to make ends meet. This percentage has risen from 12.7% to 18.8%. Although income inequality in the Netherlands has declined, wealth inequality has increased. This is mainly due to rising housing prices and the widening gap between [homeowners and non-homeowners](#).

FACTS

- Municipality expenditure: 22.9 bn
- Total UoP performance: 50.4
- Women's safety and security, women who felt unsafe: 42.1% in 2021 and 44.1% in 2023
- The number of households receiving minimum benefits: 406,000 in 2022 and 397,000 in 2023
- Wealth inequality/Gini coefficient: 0.858 in 2021 and 0.854 in 2022
- The GDP per inhabitant: €49,654 in 2021 and €54,671 in 2022
- The percentage of poor households: 6.5% in 2021 and 6.4% in 2022
- The percentage of households experiencing financial struggles: 12.7% in 2020 and 18.8% in 2022
- The median yearly disposable income of households: €39,700 in 2021 and €41,700 in 2022

SDG RELATED



EMPLOYMENT GENERATION



Employment generation focuses on promoting sustained, inclusive, and sustainable economic growth, full and productive employment, and suitable work for all.

Work occupies an important place in people's lives and in society. First, having a job provides an income. In addition, your work is part of who you are. It helps determine your identity, your place in society, and your (opportunities for) development, and provides structure, purpose, and social contacts.

That is why it is important that the labour market is as inclusive as possible. The percentage of people in employment who are able to work on a permanent basis and meet the physical requirements of the job (sustainable deployment) was 91.5% in 2023, compared to 90.9% the previous year.

Municipalities have an important role to play in job creation, through promotional activities aimed at attracting new businesses and new workers, but also by providing jobs, facilities and support for those seeking employment and reintegration. The net employment rate rose from 72.2% in 2022 to 73.1% in 2023, while the unemployment rate also rose slightly (by 0.1%), to 3.6%.

FACTS

- Municipality expenditure: 4.3 bn
- Total UoP performance: 57.1
- Sustainable deployment: 90.9% in 2022 and 91.5% in 2023
- The net employment rate: 72.2% in 2022 and 73.1% in 2023
- The unemployment rate: 3.5% in 2022 and 3.6% in 2023

SDG RELATED



AFFORDABLE BASIC INFRASTRUCTURE



Mobility, and therefore good infrastructure, is essential for full participation in society. It allows people to develop and relax and is also important for the economic functioning of society. People travel for a variety of reasons, including work, social contacts, sport, and leisure. In addition to the mobility of people, the transport of goods is of great economic importance in the Netherlands. A good infrastructure makes a positive contribution in this regard.

Sustainable transport is also very important. On a scale of 0 to 4 representing the cycling climate (combination of safety, congestion on cycle paths, insufficient bicycle parking spaces or traffic jams in front of traffic lights), the Netherlands scored 3.47 in 2022, compared to 3.40 two years prior. The average distance to a train station is 5.3 km, but the average distance to other means of public transport is closer. The number of electric cars for private use has risen to 5.8% and for companies to 1.2%, with a steady increase in recent years. More and more people are becoming aware of the benefits of clean mobility. By providing public charging stations, municipalities can encourage residents to switch to electric cars even more.

Looking at the reduction of emissions, we see an improvement in particulate matter. The government, companies, and residents have made great efforts in recent years. Carbon dioxide emissions decreased between 2021 and 2022. This is mainly because less natural gas was used in industry, the built environment, and agriculture.

FACTS

- Municipality expenditure: 0.2 bn
- Total UoP performance: 46.3
- Air pollutants: particulate matter (PM2.5) 0.973 kg/per inhabitant in 2021 and 0.958 kg/per inhabitant in 2022
- Air pollutants: carbon dioxide (CO₂) 9,691 kg/per inhabitant in 2021 and 8,875 kg/per inhabitant in 2022
- The percentage of clean vehicles for businesses: 0.8% in 2021 and 1.2% in 2022
- The percentage of clean vehicles for private use: 4.4% in 2021 and 5.8% in 2022
- The average distance to the closest train station: 5.3 km
- The perceived bicycle friendly environment: 3.40 in 2020 and 3.47 in 2022 (on a scale from 0-4)

SDG RELATED



GREEN BUILDINGS



If we are to achieve a zero-energy society by 2050, we need sustainable buildings. Both new buildings to be constructed and existing buildings are important in achieving this goal.

CO₂ emissions from the total built environment in the Netherlands have fallen sharply in recent years. In 2022, emissions were 35,984 kton, down from 35,894 kton two years earlier. Higher natural gas prices have led to significant reductions in natural gas consumption. In addition, the weather was milder last year, so less natural gas was used to heat homes and offices.

The annual energy consumption of public buildings has decreased. Electricity consumption increased slightly, but gas consumption decreased significantly. The annual consumption of public buildings is 9,218 GWh of electricity and 1.3 billion m³ of gas. Once again, this is partly due to the mild winter and the savings made as a result of the sharp rise in prices. However, increased awareness and insulation measures have also made a positive contribution. Both can be influenced by municipalities, for example by offering subsidies to homeowners to make their homes more sustainable.

Finally, there was a strong increase in both the number of electric vehicles (as mentioned above) and the number of electric charging points, possibly partly due to the major efforts made by municipalities to install public charging points.

FACTS

- Municipality expenditure: 3.0 bn
- Total UoP performance: 40.4
- CO₂ emissions of the built environment: 40.47 Mt in 2021 and 35.89 Mt in 2022
- The amount of public or semi-public charging stations for electrical cars: 111,218 in 2022 and 140,864 in 2023
- The total yearly electricity consumption of public services buildings: 9,218 GWh in 2021 and 9,267 GWh in 2022
- The total yearly gas consumption: 1.56 billion m³ in 2021 and 1.34 billion m³ in 2022

SDG RELATED



LIVING NATURAL RESOURCES & LAND USE PROJECTS



Living natural resources are understood in terms of a wide variety of plants, animals, and micro-organisms, and also in terms of the ecosystem services they provide.

The use of pesticides affects water, soil and air quality. Pesticide usage is one of the main causes of biodiversity decline. One of the municipal responsibilities is to protect and restore the quality of soil and air. In recent years, pesticide sales in the Netherlands have decreased from 9.9 million kilos to 9.4 million kilos. In particular, sales of pesticides for fungi have decreased. The majority (35%) of the pesticides sold in 2021 were used to control fungi and bacteria. 28% were used to control weeds and foliage, and another 28% were used to control insects and mites.

Agricultural landscapes can contribute to the maintenance and restoration of (specific) biodiversity. The Netherlands strive for 'green-blue networks' in their agricultural landscape. These networks provide, for instance, space for biodiversity, reduce pests and contribute to pollination.

Protecting natural areas is one of the most successful ways to maintain and restore biodiversity: 9% of the total area in the Netherlands is protected nature under EU-legislation (Natura 2000). The share of Natura 2000 sites in coastal and marine waters is 26% of the water surface (including the Wadden Sea), and the share of sites protected under the Marine Strategy Framework Directive (MSFD) is 31%. For coastal and marine waters, the Netherlands meet the international target of [30% protected areas by 2030](#).

FACTS

- Municipality expenditure: 3.3 bn
- Total UoP performance: 47.2
- Sales of pesticides: 9.9 million kilos in 2020 and 9.4 million kilos in 2021
- The percentage of green-blue networks in relation to the total agricultural area: 0.56 in 2023
- Protected natural reserves Natura 2000: 9% in 2023

SDG RELATED



POLLUTION PREVENTION & CONTROL



By separating our waste and using it as new raw materials, we reduce the consumption of primary raw materials and encourage the reuse of valuable materials contained in waste. Recycling means fewer raw materials are needed to make new materials. This is beneficial for the environment, as it reduces CO2 emissions (less incineration of residual waste) and fossil fuel consumption, and preserves forests and nature.

The target in the Netherlands was to achieve 75% waste separation and a maximum of 100 kg residual waste per inhabitant by 2020. This was not achieved. However, municipalities have taken significant steps to improve household waste separation. For example, [24% of the municipalities achieved 75%](#) (or higher) waste separation in 2022, compared to 7% in 2015. More than 26% of municipalities had less than 100 kg of residual waste per inhabitant, and the amount of residual waste fell from 240 kg to 163 kg per inhabitant per year. Waste separation for all municipalities increased from 50% to 60%.

In the Netherlands, a downward trend in the concentrations of particulate matter has been observed for many years. The use of filters in many production processes and in the transportation sector has reduced the concentration of particulate matter, but the measured concentrations of particulate matter can vary considerably from year to year due to weather conditions. The slight increase in nitrogen oxide is probably due to the large difference in traffic during the quieter corona period in 2021 and busier period thereafter in 2022.

FACTS

- Municipality expenditure: 2.3 bn
- Total UoP performance: 25.2
- Percentage of waste separation: 60% in 2022 and 50% in 2015
- Amount of residual waste per inhabitant: 163 kg in 2022 and 240 kg in 2015
- The average nitrogen oxide concentration: 18.8 in 2021 and 19.2 in 2022 (in $\mu\text{g}/\text{m}^3$)
- The average particular matter concentration: 9.0 in 2021 and 8.9 in 2022 (in $\mu\text{g}/\text{m}^3$)

SDG RELATED



SUSTAINABLE WATER & WASTEWATER MANAGEMENT



FACTS

- Municipality expenditure: 1.6 bn
- Total UoP performance: 32.1
- Total amount of wastewater treated (in m³): 93.5 million in 2021 and 86.1 million in 2022
- Water measurements that met the criteria by 'Unie van Waterschappen': 98.3% in 2021 and 98.6% in 2022
- Supplied drinking water: 1,125,000,000 m³ in 2021 and 1,117,000,000 m³ in 2022,
- The quality of swimming water: 3.8 in both 2021 and 2022 on a scale from 1 to 4
- Surface waters that met the biological WFD targets: 0%
- Surface waters that met the chemical WFD targets: 4%
- Surface waters that met the ecological WFD targets: 0%

Billions of people worldwide still lack access to safe water, sanitation, and hygiene, despite improvements in the provision of these basic services. Water scarcity is a growing problem in many parts of the world, and conflicts and climate change are exacerbating the issue.

The total volume of wastewater treated by water treatment facilities in the Netherlands fell from 93 million in 2021 to 86 million in 2022. In addition, more than 98% of the wastewater discharged by all water boards meets quality requirements. The total amount of supplied drinking water has decreased from 1.125 bn m³ to 1.117 bn m³ in 2022. Despite the slight decrease, the drinking water usage is expected to increase until [2040](#).

Current water management, increased water usage and the increased demand for (drinking) water due to climate change increasingly pose risks to (drinking) water availability. Dutch municipalities they can aid in the storage of water by implementing infiltrations grounds for rainwater, and prevent water contamination by sewage overflows with proper sewage systems.

When it comes to surface waters, the Netherlands must comply with the European Water Framework Directive. Water quality in the Netherlands is improving on some aspects, such as the biological standards, but many water bodies are not expected to meet the requirements by 2027. Although the main responsibility for the management and quality of Dutch waters lies with national and provincial governments and waterboards, municipalities are to a large extent responsible for the water management in (and under) municipal grounds. The quality of swimming water in the Netherlands is good.

SDG RELATED



IN-DEPTH RESULTS SDGs

In its company strategy, BNG Bank focuses specifically on five SDGs that correspond closely to the activities that the bank finances. BNG Bank has developed an engagement plan that will help steer the activities of its clients and support them in their efforts to act on the SDGs. In order to transform individual indicator scores into a uniform system of sustainability scores, Het PON & Telos has developed an approach using sustainability norms for each indicator by which ranges of sustainability goal achievement are defined. Once goal achievement scores of indicators have been derived, these are aggregated by giving them equal weight to goal scores.

3 GOOD HEALTH AND WELL-BEING



46.8

Over the past few years, we observe a slight decrease in the score for SDG 3. A number of factors have contributed to the decline in health scores. The main reason is the increasing ageing of the Dutch population. Research shows that older people tend to rate their own health lower. This is also reflected in the numbers, in 2020 79.1% rated their own perceived health good or very good while this declined to 70.0% in 2022. The number of people who are sick for a long time or have problems with their daily activities has risen from 24.2% in 2016 to 30.2% in 2022. Here too, the increased ageing of the Dutch population is the explanation. In recent years, municipalities in the Netherlands have made great efforts to create an environment that is conducive to physical activity, i.e. more cycle paths and footpaths, accessible sports facilities, and more green spaces. This is also reflected in the quality score for physical activity. Finally, the number of smokers has fallen in recent years. This is probably due to greater awareness, but also to the reduced social life as a result of the Covid-19 pandemic. On the other hand, we see more and more young people who have started vaping. This could have further health implications in the longer term. The number of residents experiencing stress has risen sharply from 17.7% in 2020 to 20.6% in 2022. The biggest sources of stress are perceived pressure to perform, social pressure, and uncertainties in life. This is difficult to reduce in today's society.

4 QUALITY EDUCATION



49.9

The quality and accessibility of Dutch education has remained fairly stable in recent years, especially when compared internationally. Through the provision of primary education, educational housing and educational policy, municipalities play an important role in promoting education. The number of people with a low level of education is steadily decreasing and the average completion rate of secondary education is also increasing. The percentage of young adults (between 12 and 23 years old) leaving school before obtaining a basic qualification rose to 2.4%, which is the highest rate in ten years. This is probably due to the attractive labour market, which means that it is often more profitable for young people to go to work and get qualifications in the workplace than in school. However, the general educational level of Dutch inhabitants has experienced growth, with more individuals completing degrees after secondary school: the rate increased from 72% to 74% in five years. Equality and access to education are well regulated in the Netherlands. However, in recent years, especially in the larger cities, there have been waiting lists for many schools, and pupils have to travel a little further or have less freedom of choice in choosing a suitable education.

IN-DEPTH RESULTS SDGs

7 AFFORDABLE AND CLEAN ENERGY



48.5



SDG 7 shows a positive trend in recent years, especially in the last few years, where the growth of renewable energy has been significant. In the most recent year measured, 12.0% of the total energy generated by all municipalities in the Netherlands came from renewable sources, compared to 6.3% in 2016. In addition, the amount of solar energy generated per square kilometre has increased from around 51 kWh in 2016 to 539 kWh in the most recently measured year, and the total amount of wind energy generated has also increased significantly. Surely the main reason is the energy transition that has been strongly promoted by the government, businesses, and households alike. It is not only important to be green, but it is also important to save energy. Gas consumption by both households and businesses fell dramatically. For businesses, gas consumption fell from 3,676 m³ per employee to 2,644 m³ per employee in five years' time. Household annual gas consumption fell from 1,270 m³ to 980 m³ over the same period. Again, much of this can be explained by the energy transition that is going on in the Netherlands. But last year's gas crisis also played a role. In particular, rising prices and increasing gas shortages led many households and businesses to reduce their consumption. Despite the reduction in energy consumption, 5.4% of Dutch households are struggling with an energy bill that exceeds 10% of their household income.

11 SUSTAINABLE CITIES AND COMMUNITIES



49.0



Sustainable cities and communities related indicators have shown a quite stable picture over the last years. The number of affordable owner-occupied homes has fallen sharply. The Netherlands is experiencing a so-called housing market crisis. There is a huge shortage in the housing market and the demand continues to rise. Half of the houses are above the payment limit for a household with a modal income. Although the national housing market plays a major role in this matter, municipalities can influence the local housing market through their zoning plans and targeted subsidies or special loan-constructs. Despite the sharp increase in prices and low availability of housing, households are very satisfied with the house they live in and their living environment, with over 85% of households saying they are satisfied. Focusing on the more social aspects of this SDG, the general trust that individuals have in their fellow human beings has increased, and the number of social contacts a person has and the social cohesion in the living environment is stable. Despite this stability, the number of people who often feel lonely has increased significantly. This is probably due to more people working from home, more people socializing via social media rather than offline, and an increase in the number of lonely older people. Municipalities can invest in community buildings and initiatives to make it easier for people to meet. Furthermore, the housing market situation means that older people often have to stay at home longer, because there is no room in nursing homes and become more isolated as a result.

13 CLIMATE ACTION



48.4



The Netherlands is among the top 10 greenhouse gas emitters in Europe, which contributes to its lower score on SDG 13. Therefore, a decrease in emissions is very important for the Netherlands. Fortunately, we have seen improvements in several areas in recent years, as the strong decrease in the concentration of nitrogen over the last years: the concentration of nitrogen dropped from 28.0 µg/m³ in 2016 to 17.8 µg/m³ in the most recently measured year and the emission decreased from 16.9 kg per capita in 2015 to 13.0 kg per capita in 2023. The concentrations and emissions of particulate matter have also decreased. In 2022, [greenhouse gas emissions](#) are 158 megatons of CO₂ equivalent. This is 8% lower than in 2021 and 31% lower than in 1990.

On the other hand, the emission of NMVOS has increased back to levels seen in 2014, after showing lower levels in between. The level was 16.2 kg per capita in the most recently measured year, compared to 14.0 kg per capita in 2019. In addition, heat stress is on the rise, something that municipalities can influence by providing more public green spaces and encouraging residents to create and maintain green(er) gardens.

RESEARCH METHODOLOGY



This chapter briefly explains the research methodology. The complete methodology can be found in the full report.

In 2019-2020, Het PON & Telos conducted a baseline study that focused on the development of a matrix between the UoP, COFOG, and SDGs.

The developed standard consists of three steps: First, all municipal tasks as identified by the OECD Classification of the Functions of Government (COFOG) were linked to the 17 SDGs. Then, in order to align the SDGs with the framework used by BNG Bank to finance the entire Dutch municipal budget, all COFOG tasks linked to the SDGs were categorized using the Green Bond Principles (GBP) and the Social Bond Principles (SBP). Finally, each COFOG code was related to its main SDG. The result is a measurable table of core municipal tasks and their associated SDGs.

The links between Use of Proceeds categories, COFOG task areas, and SDGs are unambiguous, recognisable to third parties, practically manageable, and easy to use in relation to municipal budget figures. The calculations and analyses performed show stable and explainable results that develop steadily over time.

Het PON & Telos included a set of indicators to measure the Sustainable Development Goals (SDGs), based on a long tradition and experience with sustainable development indicators and expert judgement. Het PON & Telos carefully selected the indicators to measure impact in line with the SDGs but was also hampered by lack of data. The choice of indicators is influenced by three basic principles:

- The indicator must be linked to an SDG financed by the new BNG ESG bond
- The indicator must be closely linked to the municipality's mission or sphere of influence
- The data used must be of high quality and from a reliable source

In order to transform the individual indicator values into a uniform system of sustainability scores, Het PON & Telos has developed a method using sustainability norms for each indicator, within which ranges of sustainability target achievement are defined. This results in a standardized score between 0 and 100, with 100 being the best possible score. A detailed explanation of this methodology can be found in the full report.

> COLOPHON

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