

Use of Proceeds Bonds

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asn bank

1 The selection process

1.1 Screening on excluded activities and additional requirements for specific sectors and activities

The specific activities or projects that can be financed through the loan issued under the bond framework are screened on whether they comply with ASN Bank's list of excluded activities (see Annex I. of the Responsible Financing and Investment process) and additional sector- and activity-specific requirements (see Annex II. of the Responsible Financing and Investment process). The bond framework is screened on its use of proceeds and the activities or projects that are eligible for financing under the framework. Usually, these frameworks outline which sustainability criteria must be met for an activity or project to be eligible. Second Party Opinions (SPOs) issued by independent (ESG rating) agencies are consulted to include additional information and consider potential recommendations made by the third party. The SPO can for example determine whether a bond framework complies with the Green Bond Principles, Social Bond Principles or Climate Bond Initiative. If information is missing, the issuing party is contacted to provide the required information.

1.2 Potential adverse sustainability impact identification

As the assets financed with the bond are ring-fenced for specific purposes, the potential adverse sustainability impacts associated with investments in use-of-proceeds bonds are considered to be generally low. The process for assessment is therefore focused on financed activities to be excluded and financed activities that have additional requirements. However, if financed assets are located in high-risk countries, we do take this into account in our assessment. If activities or projects are realised in countries where there is a high risk of human rights violations occurring, we expect counterparties to have human rights policies in place. Projects financed under the bond framework may be subject to the Equator Principles[1]. In that case, we assess whether the projects meet the Equator Principles criteria.

1.3 Assessment of policies, management systems and performance

Policies, management systems and performance of the issuing party are not taken into account, as we only look at the specific assets financed with the bond and whether this complies with the exclusion list and additional requirements for specific sectors and activities. Issuing parties of use-of-proceeds bonds can be companies, governments, or financial institutions.

1.4 Responsible investment or financing decision

If the eligibility criteria outlined in the bond framework comply with our exclusion list and additional sector- and activity-specific criteria, we approve bonds issued under the framework. If this is not the case, we disapprove bonds issued under the framework.

If the issuing party is not transparent and it is unclear what projects can be financed under the bond framework, we apply the precautionary principle and disapprove the bonds.

1.5 Monitoring and periodic review

Use-of-proceeds bonds are not subject to ongoing monitoring or periodic review. If there are any changes to the bond framework, the most recent framework will be reassessed. Bonds issued under the previously approved framework remain eligible for investment.

1 The Equator Principles (EP) for large project financings require that these financings comply with the social and environmental criteria of the International Finance Corporation (IFC). In High-Income OECD countries, local and national rules, laws and permits are generally comparable to or stricter than the requirements of the EP. Therefore, it is sufficient for project financings in these countries to comply with local laws; they do not need to be assessed against the EP. http://www.equator-principles.com