

Green Bond

Allocation and Impact Report

September 2024

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1. INTRODUCTION

ESG strategy: vision and ambition 2024 - 2027

In 2023 the bank decided to anchor the ESG strategy in the bank's cooperative strategy. Striving to improve our environment, to attain a more social society and enjoy fair policy goes hand in hand with the cooperative principles that Crelan holds dear.

Crelan has therefore gone further with its ESG vision and ambitions over the past year.

E (Environment)

We consciously opt for an ecological transition. We want to make that choice as a bank, but we also want to support and guide our customers in the three segments of this transition: retail, business & wealth.

S (Social)

We focus on social involvement, commitment to society and the evolution towards a more social economy. Crelan distinguishes itself from other banks by its truly authentic cooperative character that translates into the bank's cooperative strategy.

G (Governance)

We emphasise sound corporate policy, business ethics and transparent communication to all our stakeholders.

In 2023, major steps were taken towards implementing the bank's ESG policy. A new management team was established to strengthen and promote the cooperative strategy, led by a newly appointed Chief Cooperative Bank Officer. A new ESG manager was appointed within the Cooperative Bank Office team. The management team works very transversally and reports directly to the CEO.¹

Green Bond Framework

Within this strategy Crelan has established a Green Bond Framework ("GBF") as an overarching platform under which it can issue Green Bonds to finance and/or refinance green loans with a positive impact on the environment. The Green Bond Framework is fully complementary with Crelan's sustainability strategy and aims to support the transition to a low carbon economy.

¹ For more information about Crelan's ESG strategy, please consult the Sustainability Report 2023 and Climate Report 2023 on the investor relations website: <https://www.crelan.be/nl/particulieren/sustainability>

The Green Bond Framework has been developed in alignment with the International Capital Markets Association (“ICMA”) Green Bond Principles, 2021 (“GBP”)², which are voluntary guidelines outlining best practices when issuing Green Bond Instruments. Crelan closely monitors new regulatory developments related to Green Bonds and will update the Green Bond Framework when deemed necessary.

One of the key elements in the Green Bond Framework is the selection of appropriate eligible Green Projects to be financed by the Green Bonds. The following sections set out which criteria Crelan Group applies in the selection of these Green Assets, aligned with the Use of Proceeds parts of the Green Bond Framework.

2. GREEN ASSET CRITERIA

As a significant part of greenhouse gas emissions stems from the housing and transportation of households, banks play an essential role in the reduction of these emissions by providing funding to households. These loans will encourage the acquisition of low-energy buildings, and will allow them to buy less polluting vehicles.

Therefore, Crelan will use the net proceeds of the Green Bonds to finance or refinance, new or existing loans within the following 2 eligible categories:


- Green Housing
- Clean Transportation

It should be noted that the current version of the Green Bond Framework does not include a category related to sustainable agriculture. Crelan will first focus on defining criteria for sustainable agriculture and ensuring that it has all relevant data in place. In a future update of the Framework, Crelan may include a category related to sustainable agriculture.

The following subsections within this chapter set out the criteria for loans to qualify as Green Housing (Section 2.1) or Clean Transportation (Section 2.2).

2.1. GREEN BUILDINGS

The table below sets out the criteria for eligible Green Housing:

Loan type	Green Criteria	Environmental Objective	SDG Alignment
Mortgage loans	<p><u>Loans meeting one of the following criteria:</u></p> <ul style="list-style-type: none"> • Loans for buildings with EPC label ≥ “A” or belonging to the top 15% of the national stock or regional building stock expressed as operational Primary Energy Demand (PED) and demonstrated by adequate evidence 	Climate change mitigation	

² Green Bond Principles, ICMA: https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Green-Bond-Principles_June-2022-280622.pdf


	<ul style="list-style-type: none"> Loans for buildings with energy performance of at least 10% lower than the local threshold set for nearly zero building (NZEB) requirements 		
Renovation loans	Renovation loans which are used 100% for green renovations (boiler replacement, boiler installed on solar energy, solar panels, installation heat pump, installation of geothermal energy production equipment, double window glazing, roof/wall/floor insulation, installation of thermostatic valves, thermostatic switches, energy audit) and for which the renovation leads to an energy improvement of at least 30%.	Climate change mitigation	

Table 1 – Green Housing Criteria

Summary of the eligibility criteria for Mortgage Loans

Regions	Flanders	Wallonia	Brussels
Eligibility Criteria	Based on the definition of the top 15% of the regional building stock the following loans are considered eligible under the Green Bond Framework:		
	Loans for residential buildings with EPC A	Loans for residential buildings with EPC A or B	Loans for residential buildings with EPC A or B
	Loans granted for new constructions with first loan drawing as from 2017	Loans granted for new constructions with first loan drawing as from 2014	Loans granted for new constructions with first loan drawing as from 2018

2.2. CLEAN TRANSPORTATION

The following table sets out the criteria for Clean Transportation:

Loan type	Green Criteria	Environmental Objective	SDG Alignment
Car loans	<u>Loans financing the acquisition of the following types of vehicles:</u> <ul style="list-style-type: none"> Fully electric vehicles Hybrid vehicles for which the associated tailpipe has been demonstrated by adequate evidence and range below 50gCO²eq/km. 	Climate change mitigation	

For a detailed description of the asset selection methodology, please visit the link below or go to Crelan’s investor relations website:

https://www.crelan.be/sites/default/files/documents/Green%20Asset%20Selection%20Methodology_June2023.pdf

3. GREEN BOND ALLOCATION REPORT 2024

As set out in Section 3.4 of Crelan’s Green Bond Framework:

Annually, until Green Bond maturity, Crelan will publish a Green Bond Allocation Report on the Investor Relations website, that will include, where possible:

- i. The amount of net proceeds from Green Bond Instruments that have been allocated to one or more eligible projects by category (geography, use of proceeds categories described in 3.1, etc.), subject to confidentiality considerations;
- ii. The part of Eligible Green Assets that are eligible to the European Union Taxonomy, based on the Substantial Contribution Criteria (SCC) and the part of Eligible Green Assets that are aligned with the European Union taxonomy, complying with the Substantial Contribution Criteria (SCC), but also the Do No Significant Harm (DNSH) principles as well as the Minimum Social Safeguards (MSS);
- iii. The outstanding amount of net proceeds from any Green Bonds yet to be allocated to eligible projects at the end of the reporting period;
- iv. The share of financing and refinancing (%) of the Eligible Green Loan Portfolio.

This reporting will be available at the latest one year after the issuance of Crelan’s first Green Bond.

All buildings in the Crelan Green Buildings Portfolio meet the EU Taxonomy Substantial Contribution to Climate Change Mitigation by meeting the eligibility criteria stipulated in the Crelan Green Bonds Asset Selection Methodology (June 2023)³.

- **100%** of the eligible portfolio is located in **Belgium**
- **100%** of **Net Proceeds** of Green Bonds have been **allocated to the Eligible Green Loan Portfolio (green housing)**.
- **31.56%** of the Eligible Green Loan Portfolio has been allocated
 - 14.0% for green bond BE0002936178, maturing 28/02/2030
 - 17.5% for green bond BE0002989706, maturing 23/01/2032
- **0.00%** of Unallocated proceeds from the Green Bonds Issuances

³ Cfr the report “Impact assessment Crelan Green Buildings Portfolio Belgium” by CFP Green Buildings – which can be found on the investor relations website of Crelan: <https://www.crelan.be/nl/particulieren/investor-relations>

Eligible Green Loan Portfolio				Outstanding Green Bonds					
Asset type			Volume (million)	in %	Instrument (ISIN)	Issuance Date	Maturity Date	Amount (million)	% allocated
Green Housing	Mortgage Loans	EPC ≥ A	NA	NA	BE0002936178	19-Sep-23	28-Feb-30	€600	100.0%
		Top 15%	€4,278	100%	BE0002989706	23-Jan-24	23-Jan-32	€750	100.0%
		of which Flanders	€2,522	59%					
		of which Wallonia	€1,604	37%					
	of which Brussels	€153	4%						
	Renovation Loans		NA	NA					
			NA	NA					
Total (EUR million)			€4,278	100%	Total (EUR million)			€1,350	100%

% of Eligible Green Loan Portfolio allocated:

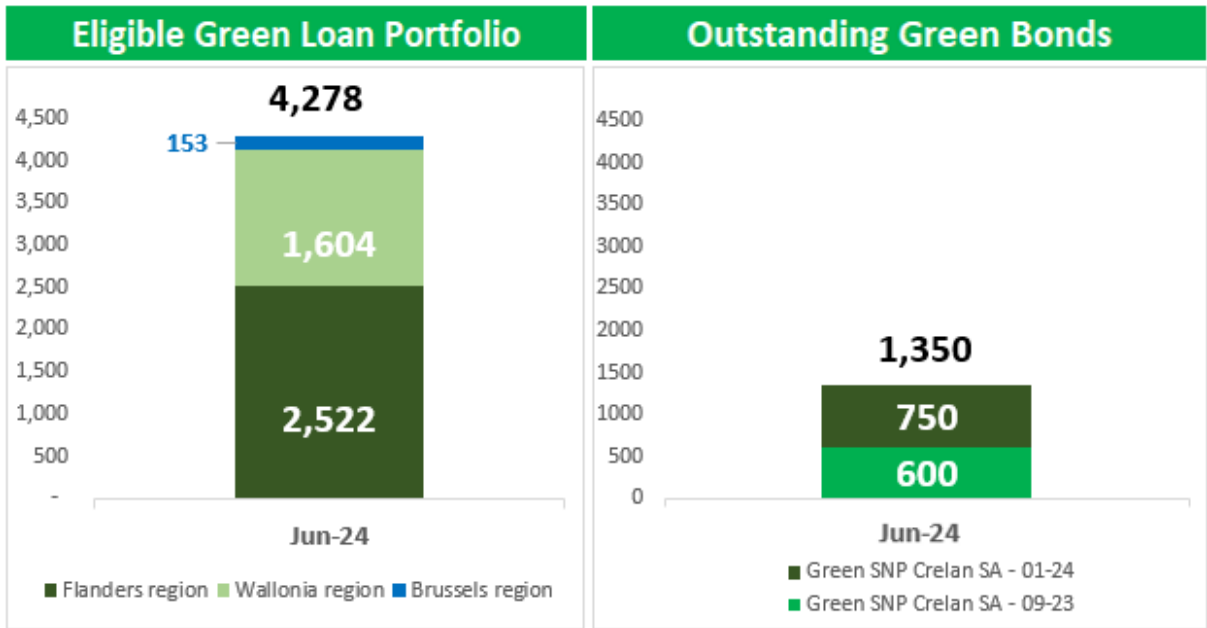
% of Net Proceeds of Green Bonds allocated to Eligible Green Loan Portfolio

% of Unallocated proceeds from the Green Bonds issuance(s)

31.56%

100%

0.00%



Amounts in EUR million

4. GREEN BOND IMPACT REPORT 2024

Crelan has requested CFP Green Buildings⁴ to assess and calculate the CO₂ emission impact of the Crelan Green Buildings Portfolio in Belgium⁵. A comparison was made between the greenhouse gas emissions⁶ of the Crelan Green Buildings Portfolio and that of a comparable group of real estate with an average energy efficiency (indicated as “Reference” or “Reference Group”⁷). For the detailed calculation methodology, limitations in the data and proxies used, reference is made to the “Impact assessment Crelan Buildings Portfolio Belgium” from CFP Green Buildings⁸.

Group Composition of Crelan Green Buildings Portfolio

The group composition of the 21,907 objects is shown in Table 1. Residential buildings have the largest footprint, with 97% of total square meters. Some identified assets were omitted from the group composition as they were land only assets containing no buildings.

Property type	#	m ²	Footprint %
Residential	21,673	2,697,864	<97%
Retail	2	109	<1%
Office	123	29,302	1%
Storage & Distribution	104	48,685	2%
Community, conference, restaurant	5	916	<1%
Total	21,907	2,776,876	100%

Table 1: Group composition Crelan Green Buildings Portfolio.

Estimated energy consumption Crelan Green Buildings Portfolio

Based on the methodology of CFP, their enrichments of key data points (such as m² using the Belmap database, the algorithms and benchmarks) from the expert system of CFP, CFP calculated the estimated real energy consumption of the Crelan Green Buildings Portfolio as illustrated in table 2. This includes all energy sources used to heat and operate the buildings. The calculated

⁴ <https://cfp.nl/>

⁵ The report “Impact assessment Crelan Green Buildings Portfolio Belgium” can be found on the investor relations website of crelan: <https://www.crelan.be/nl/particulieren/investor-relations>

⁶ Greenhouse gas emissions are calculated in CO₂-equivalent, which will be referred to as CO₂ throughout this document.

⁷ The Reference Group represents the average CO₂-emissions of residential buildings in the Brussels, Flanders and Wallonia regions, taking the floor area of the eligible assets into account.

⁸ The report can be found on the investor relations website of crelan: <https://www.crelan.be/nl/particulieren/investor-relations>

energy consumption for the eligible assets is 309 million kWh. The total calculated energy intensity is 111 kWh per m².

Region	Total energy (kWh)	Energy intensity (kWh/m ²)
Brussels	13,823,674	107
Wallonia	129,336,118	111
Flanders	166,241,842	112
Total	309,401,633	111

Table 2: Energy consumption Crelan Green Buildings Portfolio

CFP calculated the CO₂-emissions with the Belgium market standard conversion factors, derived from CO₂emissiefactoren.be. The applied factors are illustrated in Table 3⁹ below.

Natural gas	0.229	kg CO ₂ e /kWh
Electricity	0.167	kg CO ₂ e /kWh
Wood pellets	0.215	kg CO ₂ e /kg
Oil	3.468	kg CO ₂ e /litre
Coal	2.31	kg CO ₂ e /kg

Table 3: Belgian CO₂-emission factors

Estimated positive impact compared to CFP's reference group

Table 6 shows the total CO₂-emissions of the Crelan Green Buildings Portfolio and the reference group as determined and calculated by CFP, based on the calculated energy consumption and blended emission factors for the Brussels, Walloon and Flanders region. The total CO₂-emission of the Crelan Green Buildings Portfolio is 72,558 tonnes of CO₂ per year. The Reference CO₂-emission is 242,275 tonnes of CO₂ per year. This is a reduced amount of 169,717 tonnes of CO₂ per year.

GHG Emission		
Crelan Green Buildings Portfolio (tonnes CO ₂)	GHG Emission reference (tonnes CO ₂)	GHG Emission reduction (tonnes CO ₂)
72,558	242,275	169,717

Table 6: CO₂-emission Crelan Green Buildings Portfolio compared to Reference

The Crelan Green Buildings Portfolio is therefore estimated to emit 169,717 tonnes of CO₂ less than the Reference Group, which is a reduction of 70%. For more information on the impact calculation

⁹ Source: CO₂emissiefactoren.be (co2emissiefactoren.be) using the emission factor for grey electricity unknown, WTW ("Well-to-Wheel")

and its methodology, please refer to the CFP report “Impact assessment Crelan Green Buildings Portfolio Belgium”¹⁰

¹⁰ The report can be found on the investor relations website of crelan:
<https://www.crelan.be/nl/particulieren/investor-relations>

5. ASSURANCE STATEMENT



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Limited Assurance Report of the Independent Auditor on the Use of Proceeds and Impact of the issuance of Green Bonds

Introduction

We were engaged by Crelan nv (the "Company") to provide a limited assurance conclusion on the Use of Proceeds and Impact of the issuance of Green Bonds (the "Subject Matter"), as included in Chapter 3 and 4 of the Green Bond Allocation & Impact Report 2024 (the "Report"), prepared in accordance with the applied criteria of proceeds allocation to Eligible Green Assets included in Crelan's Green Bond Framework (the "Criteria").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining chapters included in the Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by the Company

In preparing the Subject Matter included in the Report, Crelan applied the criteria of proceeds allocation to Eligible Green Assets disclosed in section 3.1 "Use of Proceeds" of Crelan's Green Bond Framework (<https://www.crelan.be/sites/default/files/documents/Green%20Bond%20Framework.pdf>) (the "Criteria").

Conclusion

Based on our procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Subject Matter is not prepared, in all material respects, in accordance with the Criteria.

Basis for our conclusion

We have carried out our limited assurance engagement on the Subject Matter in accordance with the International Standard on Assurance Engagements (ISAE) 3000: "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board.

Our responsibilities under this standard are further described in the section "Our responsibilities" of this report.

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.



**Limited Assurance Report of the Independent Auditor
on the Green Bonds Allocation & Impact Report
Crelan nv**

Responsibilities of Crelan for the Subject Matter

Crelan is responsible for the preparation of the Report and the Subject Matter contained herein in accordance with the Criteria, in all material respects.

This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation of the Report and the Subject Matter contained herein, such that it is free from material misstatement, whether due to fraud or error.

It also includes developing the Criteria, selecting and applying policies, making judgments and estimates that are reasonable in the circumstances and maintaining adequate records in relation to the Report and the Subject Matter contained herein.

EY's responsibilities

Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the evidence obtained and work performed in relation to the Subject Matter. We conducted our engagement in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ("ISAE 3000 revised"), issued by the International Auditing and Assurance Standards Board.

A limited assurance engagement undertaken in accordance with ISAE 3000 revised involves assessing the risks of material misstatement whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Subject Matter.

Misstatements can arise from fraud or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the Subject Matter. The materiality affects the nature, timing and extent of our review procedures and the evaluation of the effect of identified misstatements on our conclusion.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement in relation to the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

A limited assurance engagement consists of making inquiries, primarily of persons responsible for preparing the Subject Matter and related information and applying analytical and other appropriate procedures. A higher level of assurance, i.e. reasonable assurance, would have required more extensive procedures.

Our limited assurance conclusion relates solely to the Subject Matter. Also, it is not our responsibility to provide any form of assurance on:

- ▶ The suitability of the Criteria in relation to the 2021 Green Bond Principles (“GBP”) of the International Capital Markets Association (“ICMA”) which was assessed by Sustainalytics in the ‘Second-Party Opinion’ published on March 9, 2023 (<https://www.crelan.be/sites/default/files/documents/Crelan%20Group%20Green%20Bond%20Framework%20Second-Party%20Opinion.pdf>);
- ▶ Green Bonds Asset Selection methodology, published in June 2023 (https://www.crelan.be/sites/default/files/documents/Green%20Asset%20Selection%20Methodology_June2023.pdf);
- ▶ Methodology and information with respect to the reference group, as determined by CFP and included in the Impact Report, published the “CFP Impact assessment of Crelan Green Buildings Portfolio Belgium” on the corporate website of Crelan;
- ▶ The Process for Project Selection and Evaluation and the Management of Proceeds from the Green Bonds prior to their allocation or the use of these proceeds after their allocation, as disclosed in section 3.2 and 3.3 of Crelan’s Green Bond Framework.

Our Independence and Quality Control

We apply the International Standard on Quality Control 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less extensive than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our limited assurance engagement on the Subject Matter consists of making inquiries, primarily of persons responsible for the preparation of the Subject Matter, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included, amongst others:

- ▶ Identifying areas of the Subject Matter where material misstatements, whether due to fraud or error, are likely to arise, designing and performing limited assurance procedures responsive to those areas, and obtaining assurance evidence that is sufficient and appropriate to provide a basis for our conclusion;
- ▶ Developing an understanding of internal controls relevant to the preparation of the Subject Matter;
- ▶ Evaluating the appropriateness of the reporting Criteria used and their consistent application, including the reasonableness of estimates made by the Company and related disclosures to the Subject Matter;
- ▶ Interviewing relevant persons responsible for preparing the Subject Matter, for carrying out internal control procedures on and consolidating and reporting the Subject Matter;



**Limited Assurance Report of the Independent Auditor
on the Green Bonds Allocation & Impact Report
Crelan nv**

- ▶ Reviewing relevant internal and external documentation that reconcile with the Subject Matter;
- ▶ Analytical review procedures to confirm our understanding of evolutions in the Subject Matter.

Brussels, 25 September 2024

EY Bedrijfsrevisoren BV / EY Réviseurs d'Entreprises SRL
Independent Auditor
Represented by

**Christel
Weymeersch
(Signature)**

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(Signature), c=BE
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Christel Weymeersch*
Partner
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Boschmans
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